International Herald Tribune

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TOMORROW: STYLE

Hornets' Nest for U.S. At Asia Finance Talks

Washington's Push for Open Markets Meets a Backlash Over Currency Crises

By David E. Sanger
New York Times Service

HONG KONG — After a decade of persuading nations to open their financial markets, American officials at a tense conclave in Hong Kong have run into a wall of resistance as angry Asian leaders charge that foreign investors and Wall Street-style trading exacerbated Southeast Asia's financial crisis.

What has broken out at this usually plodding annual meeting of the World Bank and the International Monetary Fund, with its endless seminars bearing titles like "Pension Reform and the Creation of Efficient Capital Markets," is a nasty skirmish in the escalating war between nations and global markets.

The search to assign blame comes as Asian officials are still struggling to contain the damage from a brutal cycle of currency devaluations, stock market sell-offs and, in the case of Thailand, political upheaval that has swept through the region.

The most extreme of the accusations came from Prime Minister Mahathir bin Mohamad of Malaysia, who in a fiery speech Saturday accused the "great powers" — a clear allusion to the United States — of pressing Asian countries to open their markets and then manipulating their currencies to knock them off as competitors.

Few Asians at the meeting of world financial leaders have fully endorsed Mr. Mahathir's conspiracy theories or his contention that most forms of currency trading are "unnecessary, unproductive and immoral" and "should be made illegal."

Nonetheless, several have made clear that they are planning to slow — and may reverse — the liberalizations that have opened their economies to global forces.

The U.S. Treasury secretary, Robert Rubin, is caught in the middle of these arguments, at once making the case for further opening of Asia's markets and fencing with Asian leaders over whether the fault for the current crisis lies in the markets or in themselves.

[At the session Monday, he stepped up pressure on Thailand to meet strict conditions imposed by the IMF in exchange for a $17.2 billion economic rescue package, Bloomberg reported from Hong Kong.

[Mr. Rubin met for an hour in the morning with the Thai finance minister, Thanong Bidaya, and a U.S. Treasury spokesman said that Mr. Rubin's message was that "rigorous and unambiguous" actions were needed to restore confidence in Thailand's economy.

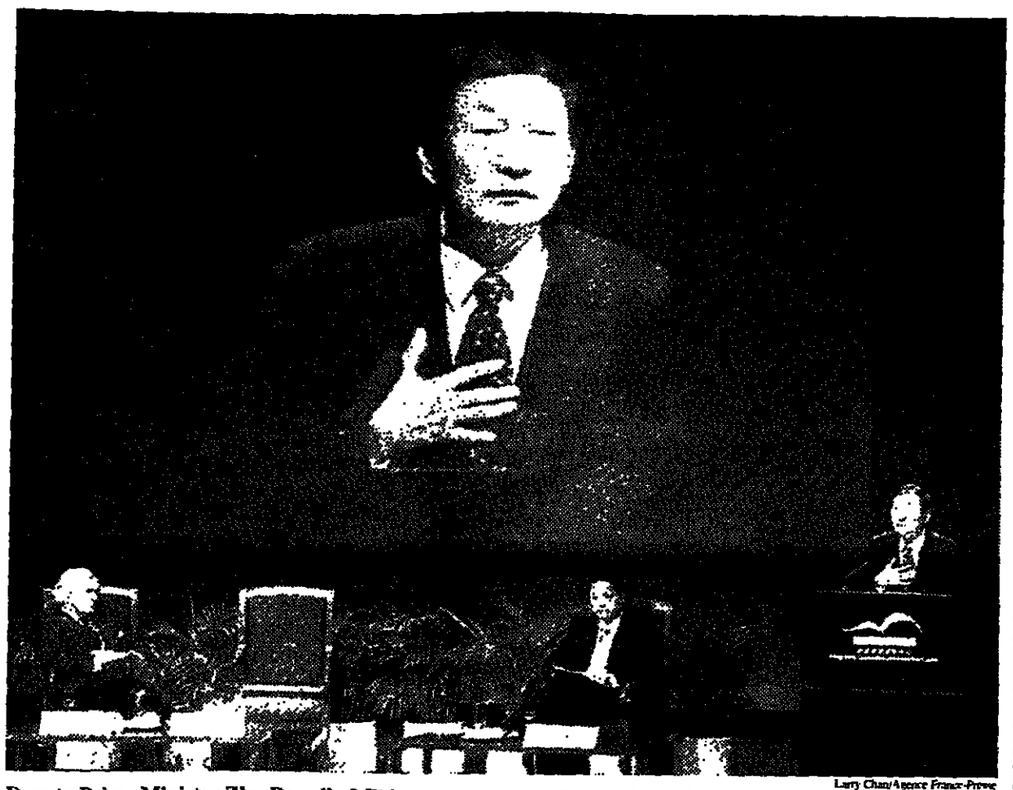
[Mr. Rubin stressed "the importance of doing what needed to be done, and the importance of doing it in ways that the international community would recognize as effective and would create confidence."]

The crisis began in Thailand, one of the most successful of the "tiger" economies, which attracted billions of dollars in foreign investment — more, it turns out, than it could wisely invest.

It quickly spread to Indonesia and Malaysia, where Prime Minister Mahathir quickly ordered restrictions on short sales — trades that bet on a decline in prices — and moved to prop up stock prices for Malaysians, but not for

See MARKETS, Page 4

Progress on rescue fund. Page 15.



Larry Chan/Agence France-Presse

Deputy Prime Minister Zhu Rongji of China speaking Monday in Hong Kong. He said it was unreasonable to make "excessive demands" on Beijing before admitting it to the World Trade Organization. Page 13.

Markets Gulp After Mahathir Remarks

By Thomas Fuller
Special to the Herald Tribune

KUALA LUMPUR — Malaysia's stock market tumbled hand-in-hand with its currency Monday in the first day of trading after Prime Minister Mahathir bin Mohamad said currency trading "should be made illegal."

The dollar rose to 3.1037 ringgit from 3.0334 on Friday, adding 2 percentage points to the slide that has shaved 25 percent from the Malaysian currency's value since early July.

The drop in the benchmark index for the Kuala Lumpur stock market of 27.34 points, or 3.47 percent, to 760.50, was directly tied to the ringgit's volatility, analysts said.

The parallel falls in the ringgit and equities have halved the dollar value of Malaysian blue chips from the start of the year.

Mr. Mahathir proposed a ban on currency trading in a speech over the weekend in Hong Kong, calling it "unnecessary, unproductive and immoral." The prime minister also told a newspaper that Kuala Lumpur would limit currency trading to financing trade.

"There seems to be a close correlation between him making a statement and the market getting hit again," said a researcher at a local brokerage house, who added that Mr. Mahathir's comments were probably not intended

See RINGGIT, Page 4

Computer On Mir Fails Days Ahead Of Docking

Atlantis Rendezvous Still Planned Despite Latest Breakdown

By Daniel Williams
Washington Post Service

MOSCOW — The main computer on the Mir space station broke down again Monday, and, although it was quickly repaired, the frequency of its problems is producing suspense ahead of the U.S. space shuttle Atlantis's scheduled docking with Mir.

Because Atlantis is bringing a replacement computer, its launching Thursday is taking on the look of a rescue mission.

"It will suit us if it functions for one more week," said Victor Blagov, deputy flight chief at mission control, referring to the old computer. "We will finally receive the new computer from the shuttle."

The breakdown occurred at a delicate political moment. Vice President Al Gore was visiting Russia on Monday and met with Prime Minister Viktor Chernomyrdin to discuss trade, technology and space cooperation. Congressional critics have been clamoring for Washington to cancel a $478 million contract with Russia for U.S. astronauts to use Mir, contending that the station is antiquated and dangerous.

Mr. Gore said it was up to the U.S. space agency NASA to decide on continued use of Mir and whether Atlantis should dock with it Sunday.

He added that he expected to continue talks on the issue Tuesday, when the National Aeronautics and Space Administration is to decide whether to go ahead with the launching of Atlantis, carrying the astronaut David Wolf to replace Michael Foale, who is aboard Mir.

["Right now, the present plan is for David Wolf to fly," Reuters quoted a National Aeronautics and Space Administration spokesman, Kathleen Maliga, as saying Monday.]

The trouble Monday was Mir's third computer malfunction in three weeks and its fifth since July. As in the past, the station immediately began a slow tumble, which threw its energy-producing solar panels out of line with the sun.

The three crew members on board — Mr. Foale and the cosmonauts Anatoli Solovyov and Pavel Vinogradov — quickly turned off all but life-support machinery to preserve power. There is enough oxygen aboard to last several days.

The crew then found the faulty part in the computer, replaced it and began realigning Mir to a proper and steady angle to the sun. That work usually takes one or two days.

Russian officials acknowledged that they did not know how long the computer replacement part would last. The parts on Mir may have become faulty from contact with chemicals that have leaked into the cabin from a malfunctioning cooling system.

See MIR, Page 10

IBM Welds New Power Onto Its Semiconductors

Tinier and More Efficient Chips Due by June

By Laurence Zuckerman
New York Times Service

NEW YORK — International Business Machines Corp. announced Monday that it had solved a fundamental problem holding back the development of faster semiconductor chips and would begin manufacturing chips early next year that are smaller and up to 40 percent more powerful than the most advanced chips being produced commercially.

The announcement is the second semiconductor breakthrough in less than a week. It underscores that Moore's law, an industry maxim that holds that the performance of chips doubles every 18 months, must be rewritten as improvements in chip technology come ever more rapidly.

Last week, Intel Corp. — whose cofounder Gordon Moore formulated the maxim in 1965 that came to bear his name — said it had developed a way to double the storage capacity of so-called flash memory chips, which are used as storage devices in personal computers, video games and cellular phones.

IBM's announcement is perhaps more significant because it advances the process used to make all types of semiconductors, including microprocessors, memory chips and special-purpose chips used in everything from automobiles to high-speed networks.

IBM shares rose in heavy trading after the announcement, which was timed for a technology trade show in Paris. The stock closed up $4.9375, at $104.1875.

"It is a major breakthrough that everyone has been trying to make, and they have pulled it off," said Bryan Lewis, principal semiconductor analyst at the research firm Dataquest. "It is even more significant than the Intel announcement because it has implications across the whole semiconductor industry."

An added benefit is that IBM said its new manufacturing process would be 20 percent to 30 percent less expensive than its current method. That means that chips will not only get more powerful but will probably fall dramatically in price.

See IBM, Page 14

The Dollar

New York	Monday @ 4 P.M	previous close
DM	1.7905	1.7753
Pound	1.604	1.6115
Yen	121.825	122.25
FF	6.018	5.9635

The Dow

	Monday close	previous close
+79.56	7996.83	7917.27

S&P 500

change	Monday @ 4 P.M.	previous close
+4.92	955.43	950.51

Solidarity Wins on Stump

Well-Oiled Campaigns and Voter Canvassing Bring Polish Coalition Back Into Limelight

By Christine Spolar
Washington Post Service

WARSAW — Four years after a coalition of former Communists routed them from Parliament, Solidarity politicians have figured out the rules of the game.

Solidarity Election Action, a conservative alliance rooted in the Solidarity political movement that toppled the Communists in 1989, showed in its victory in the parliamentary election Sunday that it has learned how to finesse and sustain modern democratic politics.

In results made public Monday, Solidarity won 33.8 percent of the vote.

NEWS ANALYSIS

That would translate to about 199 seats in the 460-seat Parliament.

The Democratic Left Alliance, the social democratic offspring of the Communists, took 26.8 percent, giving it 163 seats.

The centrist Freedom Union, headed by the architect of Poland's economic reform, Leszek Balcerowicz, and which ran a rigorous campaign, pulled in 13.4 percent, or 60 seats. Its showing makes the Freedom Union a likely junior coalition partner for Solidarity, analysts said.

On Monday, it appeared that only two populist parties from opposite ends of the political spectrum — the Polish Peasant Party and Movement for the Reconstruction of Poland — would earn enough votes to be seated in Parliament. Final tallies will be disclosed by midweek.

Opposition groups reorganized themselves this year — with some guidance from such Western advisers as the U.S.-based National Democratic Institute — in order to challenge the well-financed and well-run operations of former Communists in the Democratic Left Alliance and their allies, the Peasant Party.

The strong showing by Solidarity, a coalition with about three dozen political parties under its umbrella, reflected its consolidation and discipline.

They did what they had never, in any orchestrated or systematic way, done before: They knocked on doors. They became hoarse from passing out campaign literature and chatting up voters. They carried questionnaires from Krakow to Poznan and from Turon to Lodz, asking voters what they wanted from their public servants.

See POLAND, Page 10

Goofing Off at Work: First You Log On

By Amy Harmon
New York Times Service

NEW YORK — Just how personal is the personal computer? A little too personal, when it comes to using the PC at work these days in the eyes of many bosses.

Employers, both in the federal government and in the private sector, are cracking down on the use of computer games, personal e-mail and recreational Internet surfing, which they see as undermining the productivity that the PC was supposed to bring to the world of work.

The management measures include monitoring employees' computer files, tracking their electronic footprints across the World Wide Web and sponsoring congressional legislation that would ban PC game-playing in federal offices.

Many workers, meanwhile, are devising retaliatory measures of their own. Consider Don's Boss Page, available on the Web and offering features like, "Stealth Surfing: secret tips and tricks from the pros on how to look busy at work while you're cruising the Internet. No bosses allowed!"

Don Pavlisch, a graphic designer who created the site and who admits to browsing his favorite on-line magazines as a way of unwinding at work, sees the issue as a matter of worker rights in the digital age.

Bosses "can crack down, they can get tougher, but ultimately people always have a need for recreation," Mr. Pavlisch said. "Surfing the Internet allows the mind to relax."

Joanne Capritti, speaking on behalf of many of the bosses of the land, frames the issue a bit differently. "It's an evolution in the perception of computers," said Ms. Capritti, a director at the American Management Association. "Your PC is something you get real intimate

See PLAY, Page 10

Tokyo Seeks Middle Way in Alliance

Redefining Security Role Risks Alienating Washington or Neighbors

By Sonni Efron
Los Angeles Times

TOKYO — Suppose there were a war in Korea and Japan dithered.

What if Japan could not decide whether refueling U.S. jets beating back a North Korean attack, or treating wounded Americans soldiers in Japanese hospitals, violated its peace constitution?

Worried that such a scenario would explode the U.S.-Japan Security Treaty and that trade animosities were eroding an alliance crucial to American security interests in Asia, Pentagon officials three years ago set about fortifying their defense pact with Tokyo. For the past year, they have been hashing out exactly what Japan would and would not do if conflict broke out in its neighborhood.

The U.S. and Japanese governments will make public Tuesday final details of the revised guidelines specifying how their alliance will function in a crisis.

Already, the defense guidelines are triggering a major political debate inside Japan and raising concerns among Japan's ever-wary neighbors. Ironically, while the Asian countries worry about Tokyo inching away from its purely defensive military posture, some Americans argue that Japan has not gone far enough in accepting a more equal military partnership with the United States.

The consensus among security experts is that Washington deserves high marks for getting the best deal possible from Tokyo, given Japanese political realities.

Even so, some warn that the guidelines will be judged "totally inadequate" in time of war.

"If American soldiers are dying on Korean battlefields," said Gerald Curtis, a Japan expert at Columbia University in New York, "and the Japanese are providing rear support outside of the combat zone, Americans will look at this and say, 'Wait a minute, this war is taking place next to Japan, their interests are threatened more than ours, what is going on here?' "

The lopsided U.S.-Japanese alliance could probably survive a short war that involved, say, a quick defeat of a North Korean invasion followed by an outpouring of gratitude by South Korea and a happy glow of self-congratulation by the Americans, he said.

But a drawn-out war would probably force Tokyo to reinterpret the "no war" clause in its American-authored "peace constitution" rather than allow its alliance with the United States to collapse,

See JAPAN, Page 4

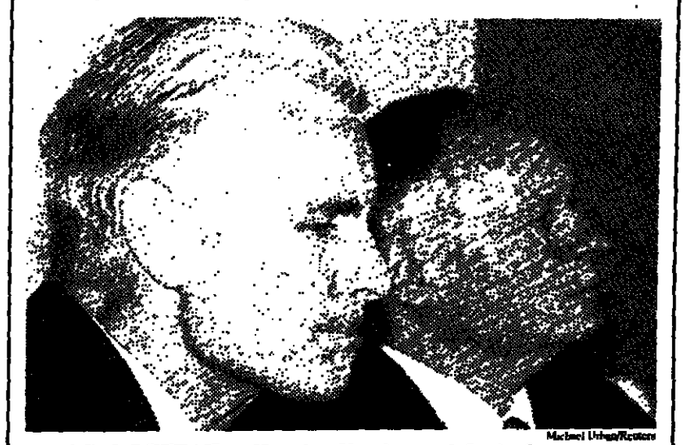
AGENDA

Clinton Calls Fund Solicitations 'Legal'

WASHINGTON (AP) — Countering Republican demands for an independent counsel, President Bill Clinton said Monday that he and Vice President Al Gore had acted "within the letter of the law" in soliciting campaign contributions last year.

The president told reporters he wanted "to cooperate however I can to establish the facts" about the fund-raising controversy.

"But I think it is important that you and the American people understand that I believed then and I believe now that what we did was legal," he said.



Michael Urban/Reuters

TASTING DEFEAT — Henning Voscherau, left, the former mayor of Hamburg, looking chastened Monday after the Social Democrats' setback. With him is Oskar Lafontaine, party leader. Page 7.

PAGE TWO
In Rio, Credit Comes to Shantytown

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Hyperinflation Tamed / **Poor's Credit Soars**

Brazil's New Consumers

By Anthony Faiola
Washington Post Service

RIO DE JANEIRO — In a dense hilltop shantytown far above Rio's legendary beaches, Fatima Pereira do Nascimento's new microwave oven, her first, sits in a revered spot in the little market she's built into her tiny home. Rickety interior lights shine on the sparkling white oven, exhibited here with the kind of pride the Smithsonian takes in showing off the Hope Diamond.

Until recently, the microwave might as well have had the same price tag, too. But the end of a hyperinflation wave that reached its worst between the middle of the 1980s and the early '90s has given the poor here amazing new buying power.

"I bought it on credit," Mrs. Pereira said, beaming. "I'm buying it in 10 payments."

Here in Rio's infamous slums, which have bred generations of samba and soccer stars as well as some of the world's most destitute urban poor, something else is emerging: hope.

Besides Mrs. Pereira's microwave, her neighbors in Favela Sao Sebastiao, or Saint Sebastian's shantytown, now can claim a series of other firsts.

Some residents have opened bank accounts — something once unthinkable for people living in this part of town. A few have bought washing machines and televisions. One dock worker recently purchased a compact disk player. And many families here are buying "luxuries" like disposable diapers for the first time.

In Sao Sebastiao, many residents are the living manifestation of President Fernando Henrique Cardoso's New Brazil, where the end of runaway inflation is lifting spirits — and standards of living — for a segment of the vast and desperate poor in Latin America's largest nation. In many respects, this Rio neighborhood is an example of the kind of progress being chased by other countries from the Rio Grande to Tierra del Fuego.

For millions of Brazil's poor, the medicine has been Mr. Cardoso's move in July 1994 to link the Brazilian currency, the real, to the U.S. dollar, which opened the door to foreign investment and competition. For the United States, the success of Mr. Cardoso's plan is vital. American companies have millions invested here, and U.S. officials are trying to woo Brazil into a vast free-trade pact of the Americas that would quickly come unglued if Mr. Cardoso's policies fail. And the future political and financial stability of much of South America is linked directly to the drama unfolding in the Brazilian economy.

A number of economists call Mr. Cardoso's strategy far from flawless; poverty here remains among the hemisphere's worst, and analysts say that further steps must be taken if the widening gap between rich and poor is to be narrowed.

But many experts now agree that, because ending hyperinflation has eased credit and brought higher salaries, Mr. Cardoso's plan has aided the poor of this country more than any other social class.

This year, inflation has averaged 0.4 percent a month. But in 1991, the worst year, annual inflation stood at 80 percent a month.

While wealthier Brazilians had found ways to cope — and sometimes even benefit — from the hyperinflation by putting their money in special adjustable bank accounts, the poor suffered dramatically. They watched the value of their wages fade even as they ran from their wooden shacks in haste to buy food for the month; the inflation at times could double the price of such staples as a stick of butter in less than an hour.

Richardo Azoury/The Washington Post

Fernando Pereira do Nascimento, who lives in a hillside shantytown above Rio's legendary beaches, making pizza with the microwave oven his family bought on credit.

The most recent statistics available indicate that the percentage of Brazilians living below the poverty line has dropped markedly, from 30 percent in 1993 to 21 percent in 1995.

A recent study found that there are 30 million new consumers here, almost all people like Mrs. Pereira who were once so poor that they could not be considered part of the national economy. As a result of the new pool of first-time buyers, the number of refrigerators sold in Brazil leapt 32 percent over the past year, washing machine sales soared 55 percent, color television sales rose 54 percent, and microwave oven sales jumped 73 percent, according to A.T. Kearney consultants.

"The interesting thing is that the default rate among our poorer customers is significantly less than with our wealthier customers," said Ezequiel Nasser, president of Banco Excel Economico, one of Brazil's largest banks.

Mr. Nasser's bank has begun offering credit cards to people once thought too poor to lend to. Interest rates are high — 8 percent a month — but the same as the bank charges more established customers.

In Rio, economic stabilization has allowed the city to implement an ambitious urban renewal project that is improving life in the legendary urban favelas. The city, which once sought to remove them, is trying to turn the favelas into neighborhoods by providing property titles to residents who once had no equity and extending basic city services for the first time, including potable water, electricity, paved roads, street lights and trash collection.

The officials also are working with residents who are still timid about applying for home improvement loans. In two years, the project has reached 60,000 residents, including Mrs. Pereira's neighborhood. The city plans to aid 900,000 slum dwellers by early in the next decade.

For Mrs. Pereira, all this has meant a totally new life. In front of her home, the once trash-filled dirt road that attracted rats and mosquitoes carrying deadly dengue fever has been paved. A new sidewalk gives easy access to the window she's built in her front room. She has slowly turned the house into a little market, offering everything from cookies and cakes to shots of Brazilian sugar-cane liquor. She uses her microwave — bought after paying off a new refrigerator on credit — to beat the pizzas she makes and sells to neighbors.

A FEW blocks away, Jose Saverino DaSilva, 62, described how for three years he carried around a cloth bag with a few hundred dollars he won in a sports lottery.

"I kept on looking behind my back," he said, flashing his few remaining teeth in a sheepish smile. "I would get very suspicious every time someone started following me."

But every day during hyperinflation, his money was worth less and less. Still, he never thought about depositing the cash in a bank, he said, believing he would be turned away. Recently, members of his extended family pooled their money to open an account. They also used credit to buy two washing machines, one for his wife and one for his daughter-in-law.

"It's the first time in my life, here in Rio or in the north of Brazil, where he came from, that I've ever seen anything done by these politicians really work," Mr. DaSilva said.

"People here are still getting accustomed to it. We were slum dwellers," he said, pausing to let his words sink in. "But we are no longer slum dwellers. We live in a neighborhood where people have some respect."

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Henri Bendel, 89, Dies; Sold Shoes to the Fashionable

By John T. McQuiston
New York Times Service

NEW YORK — Henri Bendel, 89, the founder of Belgian Shoes and a former president of the fabled New York specialty store founded by his uncle in 1909, died Sept. 15 at his home in Manhattan.

Mr. Bendel assumed the presidency of the store in 1935 after the death of his uncle, for whom he was named, and he retired in 1954 when the family sold it.

Mr. Bendel, who had worked closely with several Belgian shoe-making families during the 19 years he served as president of Henri Bendel Inc., bought two 300-year-old shoemaking companies in Belgium in 1956 and began producing a casual, classic loafer that became a staple of New York fashion.

The hand-tailored, slipper-soft shoes, made for both men and women, come in many colors and materials, and are trimmed with a signature bow readily recognized by fashion connoisseurs.

The Henri Bendel store was for decades a prestigious outlet for such haute-couture fashion houses as Chanel, Dior and Balenciaga. It was sold by the Bendel family in 1954 to a group of investors and has had several owners since then.

Laura Margolis, 93, Helped Rescue Jews During the War

NEW YORK (NYT) — Laura Margolis, 93, who helped rescue thousands of Jews fleeing persecution during World War II, died Sept. 9 in Brookline, Massachusetts.

Born in Istanbul, Ms. Margolis moved to the United States with her family in 1907. She became the first female field agent of the American Jewish Joint Distribution Committee in 1937.

In 1939, she was sent to Shanghai, China, where tens of thousands of fleeing Jews found refuge. When the United States entered the war in 1941, she was interned by the Japanese and was not released until three years later. In 1944, she went to England and Sweden to help direct the committee's refugee programs, and became the first female director of the organization's operations in France.

Jean-Noel de Lipkowski, 77, Politician Who Wouldn't Retire

PARIS (Reuters) — Jean-Noel de Lipkowski, 77, a French war hero and Gaullist ex-cabinet member who denounced his party when it dropped him from its election slate this year because he was too old, died over the weekend, friends said Monday.

Mr. de Lipkowski was one of a handful of remaining "historic" Gaullists still active in politics who were excluded from the Rally for the Republic, or RPR, party list of candidates for parliamentary elections in June because they were 75 or over.

Most of the dozen men involved left quietly. Mr. de Lipkowski made an angry public outburst saying the party sought to get rid of those who were "bothersome for holding their legitimacy from General de Gaulle and not from the RPR."

He ran in the election as an "independent Gaullist," but was crushed by the candidate the RPR appointed to replace him.

Georges Guetary, 82, French Singing Star

NEW YORK (NYT) — Georges Guetary, 82, the French singing star best known to American audiences as Gene Kelly's rival for the affections of Leslie Caron in the Oscar-winning 1951 film "An American in Paris," died Sept. 13 in a clinic in Mougins on the French Riviera.

Although Mr. Guetary also performed on the London and Broadway stages, he achieved his greatest renown in France, where his career of nearly 60 years took off when he became the singing partner of the music hall queen Mistinguett at the Casino de Paris not long after making his first stage appearance in 1938.

The Reverend John Seldon Whale, 100, a distinguished theologian and renowned Congregationalist preacher, died Sept. 17 of heart failure at a nursing home in Edinburgh, Scotland.

TRAVEL UPDATE

U.K. Reportedly Lifts Nigerian Flight Ban

LAGOS (AFP) — Britain has lifted a ban on flights to the country by Nigerian aircraft, a British diplomatic source said Monday.

The ban was imposed in May. Britain said Nigerian planes did not meet international safety standards. Nigeria retaliated by banning British Airways flights. It has made no official response to the end of the ban, the source said.

Vietnam Cultural Park

HANOI (AFP) — A $590 million cultural complex near Hanoi, where ethnic groups would be featured, has received government approval, the Vietnam Investment Review said.

The project will include a research center, art galleries and theaters. Details of financing are not set. Donald Trump is said to have shown interest.

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Where does a unique eight-day bun festival take place once a year on a tiny offshore island? Enormous bamboo towers studded with sweet buns and effigies of gods are constructed near a temple, while figures in historical costumes walk around on stilts or ride on floats through the island's narrow streets.

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WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
Sunny and warm in the Midwest and the central Plains, but a front will bring showers and thunderstorms Friday. Cloudy with showers in the Northwest Wednesday, then cooler with sunshine returning. Sunny but cool in New York Wednesday, but showers are likely Thursday

Europe
Sunny and warm over most of England and France Wednesday through Friday, but soaking rain will continue in western Spain. Southern Italy will have showers Wednesday and Thursday; the rest of Spain will be pleasant with sunshine. Chilly with rain from western Russia to Romania.

Asia
Beijing will receive showers Wednesday, then will turn cooler with some sunshine. Sunny and pleasant in Seoul Wednesday, then cloudy with showers Thursday and Friday. Comfortable in Tokyo with partly sunny skies. Hot and dry in central China, but heavy rain is in store for Cambodia.

Europe

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Algarve	28/82	18/64 s	26/79	17/62 sh
Amsterdam	15/66	12/53 s	21/70	14/57 pc
Ankara	19/66	1/34 s	21/70	3/37 s
Athens	22/71	13/55 s	24/75	15/59 pc
Barcelona	21/70	15/59 pc	23/73	16/61 pc
Belgrade	22/71	8/46 s	21/70	11/52 s
Berlin	19/66	9/48 pc	22/71	14/57 s
Brussels	21/70	11/52 s	21/70	13/55 pc
Budapest	22/71	9/48 s	21/70	11/52 pc
Copenhagen	17/62	13/55 pc	22/71	18/61 s
Costa Del Sol	28/82	17/62 s	27/80	18/64 sh
Dublin	18/64	12/53 pc	20/68	14/57 pc
Edinburgh	18/64	9/48 s	19/66	13/55 s
Florence	23/73	11/52 pc	24/75	14/57 pc
Frankfurt	20/68	9/48 pc	22/71	13/55 s
Geneva	21/70	10/50 pc	21/70	11/52 pc
Helsinki	8/46	3/37 sn	11/52	8/43 pc
Istanbul	22/71	11/52 pc	21/70	12/53 pc
Kiev	13/55	6/43 c	16/61	7/44 pc
Las Palmas	23/73	18/64 pc	23/73	18/64 pc
Lisbon	26/79	17/62 s	23/73	16/61 sh
London	21/70	9/48 s	21/70	14/57 s
Madrid	27/80	12/53 pc	27/80	12/53 pc
Mallorca	24/75	15/59 pc	26/79	15/59 pc
Milan	23/73	13/55 c	23/73	15/59 s
Moscow	11/52	4/39 pc	11/52	4/39 s
Munich	19/66	7/44 s	18/64	11/52 pc
Nice	23/73	17/62 pc	23/73	18/64 s
Oslo	15/59	10/50 sh	23/73	15/59 s
Paris	22/71	8/46 pc	20/68	11/52 pc
Prague	19/66	7/44 s	17/62	11/52 c
Reykjavik	15/59	12/53 c	14/57	7/44 r
Riga	11/52	6/43 r	11/52	6/43 c
Rome	25/77	16/61 c	26/79	16/61 sh
St Petersburg	9/48	8/46 r	9/48	7/37 r
Stockholm	15/59	8/46 sh	18/64	13/55 c
Strasbourg	22/71	9/48 s	22/71	13/55 s
Tallinn	9/48	7/44 r	10/50	6/43 pc
Tbilisi	19/66	12/53 r	21/70	12/53 sh
Venice	21/70	11/52 pc	22/71	15/59 s
Vienna	19/66	11/52 pc	21/70	13/55 pc
Warsaw	17/62	8/46 pc	19/66	12/53 s
Zurich	20/68	10/50 pc	20/68	13/55 s

Middle East

Abu Dhabi	42/107	23/73 s	40/104	24/75 r
Beirut	28/82	23/73 s	26/79	19/66 pc
Cairo	30/86	17/62 s	29/84	17/62 pc
Damascus	27/80	11/52 s	28/82	12/53 s
Jerusalem	23/73	12/53 s	24/75	13/55 pc
Luxor	37/98	15/59 s	37/98	17/62 s
Riyadh	41/106	22/71 s	39/102	24/75 s

North America

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Anchorage	14/57	9/48 r	16/61	8/46 sh
Atlanta	27/80	19/66 c	26/79	17/62 c
Boston	21/70	10/50 r	14/57	7/44 pc
Chicago	20/68	7/44 pc	19/66	10/50 pc
Dallas	29/84	19/66 t	28/82	18/64 sh
Denver	14/57	6/43 sh	19/66	7/44 pc
Detroit	19/66	6/43 pc	17/62	8/46 pc
Honolulu	31/88	23/73 pc	30/86	23/73 pc
Houston	31/88	22/71 r	30/86	21/70 pc
Los Angeles	32/89	18/61 s	30/86	17/62 pc
Miami	31/88	26/79 r	32/89	26/79 pc
Minneapolis	19/66	7/44 s	18/64	9/48 pc
Montreal	12/53	-2/29 r	7/44	-1/31 pc
Nassau	32/89	23/73 s	32/89	25/77 pc
New York	22/71	11/52 sh	17/62	11/52 pc
Orlando	32/89	23/73 t	32/89	23/73 pc
Phoenix	37/98	23/73 s	38/100	24/75 pc
San Fran.	26/79	13/55 s	23/73	14/57 pc
Seattle	23/73	13/55 s	25/77	13/55 pc
Toronto	14/57	-1/31 pc	14/57	3/37 pc
Vancouver	24/75	14/57 s	24/75	13/55 sh
Washington	24/75	13/55 sh	19/66	9/48 pc

Asia

	Today High C/F	Today Low W C/F	Tomorrow High C/F	Tomorrow Low W C/F
Almaty	24/75	11/52 pc	25/77	13/55 s
Bali	31/88	20/68 s	30/86	22/71 s
Bangkok	31/88	24/75 r	33/91	26/79 pc
Beijing	23/73	14/57 sh	21/70	10/50 sh
Bombay	29/84	24/75 sh	30/86	23/73 s
Calcutta	31/88	24/75 pc	31/88	25/77 c
Chiang Mai	28/82	23/73 sh	29/84	24/75 t
Colombo	28/82	24/75 r	29/82	25/77 c
Hanoi	29/84	24/75 c	30/86	25/77 r
Ho Chi Minh	31/88	24/75 sh	31/88	25/77 t
Hong Kong	27/80	23/73 r	28/82	25/77 sh
Islamabad	39/102	21/70 s	39/102	20/68 t
Jakarta	31/88	22/71 s	32/89	23/73 pc
Karachi	34/93	24/75 pc	34/93	23/73 s
K. Lumpur	32/89	23/71 pc	32/89	24/75 pc
K. Kinabalu	32/89	23/73 pc	30/86	24/75 pc
Manila	29/84	23/73 r	31/88	24/75 pc
New Delhi	36/97	23/73 s	34/93	22/71 sh
Phnom Penh	31/88	23/73 r	30/86	25/77 r
Phuket	31/88	24/75 r	33/91	28/79 pc
Rangoon	28/82	23/73 t	29/84	25/77 c
Seoul	21/70	9/48 s	21/70	12/53 s
Shanghai	27/80	19/66 pc	22/71	18/64 c
Singapore	31/88	21/70 pc	31/88	23/73 pc
Taipei	27/80	19/66 pc	28/82	23/73 pc
Tokyo	22/71	18/64 sh	22/71	19/66 pc
Vientiane	31/88	22/71 pc	30/86	23/73 c

Africa

Algiers	26/79	16/61 s	29/84	18/64 pc
Cape Town	18/64	9/48 pc	22/71	15/59 pc
Casablanca	30/86	19/66 s	26/79	17/62 pc
Harare	21/70	12/53 c	25/77	13/55 s
Lagos	29/84	23/73 pc	28/82	24/75 c
Nairobi	26/82	13/53 pc	28/82	13/55 pc
Tunis	29/79	17/62 pc	27/80	18/64 pc

Latin America

Buenos Aires	21/70	8/46 pc	17/62	4/39 pc
Caracas	29/84	22/71 pc	30/86	22/71 pc
Lima	20/68	16/61 c	22/71	17/62 s
Mexico City	23/73	14/57 c	24/75	14/57 s
Rio de Janeiro	23/73	20/68 pc	26/79	21/70 pc
Santiago	17/62	4/39 s	19/66	6/43 pc

Oceania

Auckland	17/62	10/50 r	13/55	8/46 pc
Sydney	16/61	9/48 pc	17/62	11/52 pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hce, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

Back to School, Finally, in Washington

Los Angeles Times Service

WASHINGTON — To the relief of frazzled parents and thousands of increasingly bored children, public schools finally reopened Monday in Washington.

For three weeks, parents in the U.S. capital have scrambled to figure out what to do with their children as school officials tried to complete roof repairs on the district's aging buildings, some of which date from the 19th century.

Some more-affluent families have hired District of Columbia school teachers to come to their homes and prepare lessons. In other neighborhoods, parks and recreation centers have kept summer programs running overtime. In still others, particularly in the city's roughest wards, large numbers of children with time on their hands have been hanging out on street corners.

The failure to open the public schools on time is no surprise — this is the third time in four years it has happened. What is different this time is the people in charge and what their performance portends for the increasing federal role in running the city.

Last year, accusing the district's schools of "educational child abuse," a presidentially appointed emergency financial control board for the city dismissed the school superintendent, stripped the elected school board of all authority and gave a retired three-star general, Julius Becton Jr., extraordinary powers to turn the system around and make it work.

So far, it has been a rough ride.

Mr. Becton, 71, who was one of the army's first black generals, then chief of the Federal Emergency Management Administration before leaving government, speaks with calculated bluntness about the task ahead.

"I did not come out of retirement, where I was thoroughly enjoying myself, just to make a show of reforming the public schools in the District of Columbia," he says. "I intend to finish the job."

He vows to remove any teachers who do not have full credentials by January — as many as a third of the city's teachers may lack proper credentials — dismiss principals who do not make their schools measure up and end promotions this year for any third- or eighth-grader who has not met grade standards in reading.

Luc Gnidjanez/Reuters

ELECTION FEVER — The former president of El Salvador, Alfredo Cristiani, left, Gloria Salguero, a member of the National Assembly, and President Armando Calderon Sol celebrating the election of Mr. Cristiani as president of the ARENA party, which is gearing up for national elections in 1999.

AMERICAN TOPICS

Black Civil War Regiment Gets Recognition in Capital

An 18-foot-tall sculpture celebrating a regiment of black soldiers who fought in the Civil War has been unveiled at the National Gallery of Art in Washington.

The work, an original 19th-century plaster by the sculptor Augustus St. Gaudens, shows Colonel Robert Gould Shaw on horseback with his black foot soldiers alongside. An angel hovers above.

In 1863, Colonel Shaw, a member of a prominent white Boston family, hesitated to take on the responsibility of the black regiment, the Massachusetts 54th. But his parents, who were abolitionists, persuaded him. Congress, pressed by the abolitionist Frederick Douglass and others, had authorized the raising of black regiments, but only if white men officered them. Mr. Douglass's sons joined the regiment.

Five months later, a bullet killed Colonel Shaw as he and his men reached the parapet of Fort Wagner, South Carolina, overlooking Charleston harbor. The battle was witnessed by Clara Barton, who later founded the American Red Cross, and by Harriet ubman, the black abolitionist; they spread word of the men's deeds, celebrated many years later in the film "Glory."

The monument was built after the war with funds raised by a black businessman and in recent years it has been restored.

Colin Powell, who in 1989 became chairman of the joint chiefs of staff, the first black man to hold the nation's highest military post, said in a speech Sunday at the gallery that the men were part of a "past we must never forget." General Powell's parents emigrated from Jamaica, but he said that he felt like a descendant of the 200,000 blacks who fought in the Civil War.

Short Takes

At least 45 "homeless newspapers" have sprung up across the country, produced and distributed by homeless people. Many of the papers, like their staffs, lead a tenuous existence. At Boston's Spare Change, the managing editor, a homeless man, broke into the office one night and stole all the equipment he could carry. Volunteers don't always show up for editorial meetings. But some papers make lively reading. Chicago's StreetWise is preparing an exposé on shelters. And in Seattle, the paper Real Change offers a dumpster rating system, with four dumpsters being the lowest rating — as in, "how many dumpsters would you go through before eating at this place?"

A Connecticut man who broke into more than a dozen houses and stole portable telephones to make phone sex calls could get up to 15 months in prison. Thomas Roche 3d of Enfield has pleaded guilty to 10 counts of burglary. Area residents had reported burglaries for months, although the only things taken were cordless phones. In some houses, nothing was taken, but calls had been made to sex lines as far away as Africa.

A coincidence, no doubt, that it came even as the number of cats in the country was surpassing the number of dogs for the first time, but New York State has decided to rectify an old injustice. As of next year, hit-and-run drivers whose victims are feline will be in just as much trouble as those who are canine, The New York Times reports. In the past, drivers whose cars struck dogs, horses and cows — but not cats — were penalized. Under the new law, anyone who mows down a cat without telling the police or trying to find its owner can be fined $100, the same as for the other animals.

Brian Knowlton

Away From Politics

John Bennett Jr., head of the Foundation for New Era Philanthropy, was sentenced to 12 years in federal prison for running the largest ever charity scam. New Era took in $354 million from 500 nonprofit organizations and philanthropists. *(AP)*

The air force's Air Combat Command halted for 24 hours all U.S. military training flights to conduct a safety review following six accidents in a week, including Friday's fatal crash of a B-1 bomber. *(Reuters)*

Cardinal Roger Mahony consecrated the site of a new $50 million Roman Catholic cathedral in central Los Angeles that he said would stand for 500 years. *(LA)*

School officials in San Francisco have refused a $5,000 award given by the Playboy Foundation to a local high school newspaper because they said taking money associated with Playboy would not mesh with the school district's mission and would represent a tacit endorsement. *(AP)*

A 17-year-old youth was arrested for the death of a 12-year-old girl who was brutally beaten while she was baby-sitting for five younger children in Stanwood, Washington. *(AP)*

POLITICAL NOTES

Panel's New Focus Splits Republicans

WASHINGTON — After a week of powerful hearings that had Republicans applauding, the Senate committee investigating fund-raising abuses in the 1996 presidential campaign has set on a course that has many in the party wringing their hands.

Senator Fred Thompson's surprise decision to shift the focus of his hearings from White House misdeeds to flaws in the overall campaign-finance system has enthused reformers, relieved Democrats and divided Republicans.

The unexpected tilt by Mr. Thompson, a charismatic first-term Republican from Tennessee, could add momentum to the drive by Democrats and a handful of Republicans to force action in the next few weeks on legislation to ban the unregulated "soft money" contributions that are at the heart of the fund-raising controversy.

But Republicans — who raise vastly more soft money than do Democrats — are largely hostile to that legislation. Many in the party are scratching their heads at Mr. Thompson's decision to dim the spotlight on White House fund raising just as a succession of dramatic witnesses in the past 10 days appeared to finally catch the public's attention.

In fact, committee sources say that senators from both parties had reason to call at least a temporary halt to the investigative proceedings. While each side on the panel seemed to fear that it was running out of investigative ammunition, each also worried that activities by its party remained vulnerable to further attacks from the other.

"Members on both sides are tired of the rancor and unpleasantness," said one Democratic aide on the committee. "Even the most partisan among them have lost their stomach for the proceedings." *(LAT)*

Key Phone Records Were Handled Poorly

WASHINGTON — Records of President Bill Clinton's White House fund-raising calls that led Attorney General Janet Reno to take the first step in a process that could lead to appointment of an independent counsel were turned over to a Justice Department task force several months ago.

But they were not examined by department attorneys until a few days ago because of confused document-handling procedures, government officials said Sunday.

The officials said that the records pertained to "a handful" of calls — although they said the number might be considerably larger — made by the president over an unspecified period before the election last year and that Ms. Reno ordered the review to determine whether any money generated by the calls was placed in strictly regulated campaign accounts, which would be a violation of federal law.

Officials said that while there were several reasons for the delays in reviewing the records, the main reason was problems the FBI had in sorting, identifying and analyzing the contents of hundreds of thousands of pages of documents obtained during the early months of the investigation, which began late last year. *(WP)*

Quote/Unquote

Charles Lewis, executive director of the Center for Public Integrity, a nonprofit research group, on a liberal grass-roots organization that has been accused of illegally funneling money to the campaign coffers of Ron Carey, president of the Teamsters union: "Citizen Action is the case of a good group gone bad. Over time, they became the very thing they were created to oppose." *(NYT)*

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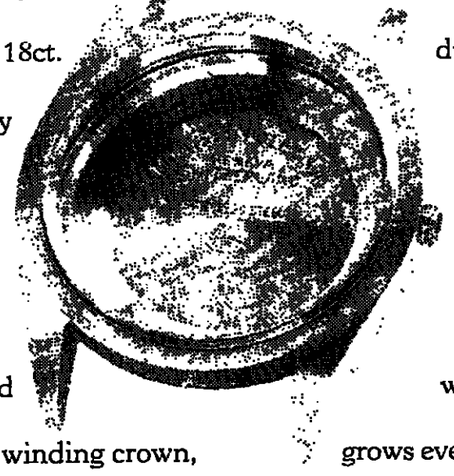

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MARKETS: *U.S. Finds Hong Kong Conference Is a Hornets' Nest*

Continued from Page 1

foreign investors. That led investors to flee, and Mr. Mahathir was soon forced to make a sharp U-turn. But the damage to his country's credibility was done.

It would be easy to dismiss Mr. Mahathir's speech Saturday as the angry ruminations of a prickly leader who enjoyed a string of economic successes only to see his grand plans to build airports, dams and a Southeast Asian Silicon Valley evaporate like numbers blipping off a trader's screen. Even in Southeast Asia, Prime Minister Mahathir's views are considered extreme.

But the fundamental emotion that he expressed clearly carries an extra resonance now, far beyond his country.

Sunday morning, for example, Mr. Thanong, the Thai finance minister, agreed that Southeast Asia needed to create a "good system" to prevent speculators from driving down currencies.

But when asked whether he endorsed the Mahathir idea that currency trading should be illegal, Mr. Thanong said, "I have no opinion."

Indonesia has sent mixed signals. In late August a newspaper close to the government ran a public service advertisement with a picture of a currency trader wearing a terrorist mask made of American $100 bills.

"Defend the Rupiah," it urged. "Defend Indonesia."

But the country has largely kept its markets open and even relaxed rules on foreign ownership of some companies.

Leaders of 24 developing countries meeting in Hong Kong warned that proposals within the IMF to require further relaxation of investment rules around the world would "put additional stress on the economies that are already straining to adjust to globalization."

"The smell of things is definitely in the direction of slowing down, of reassessing," the president of the World Bank, James Wolfensohn, said in an interview Sunday.

Sitting on the stage with Prime Minister Mahathir on Saturday, he said that "you could just feel the rapt attention" as Mr. Mahathir deftly wove his theories of Western desires to suppress Asian competitors with the economic events of the last two months.

But Mr. Wolfensohn warned, "Of course you have to be careful that when you stop the flow of capital, you have the greater danger of stopping the flow of technology with it."

While there have been financial crises before — Mexico in 1995, Latin America in the early 1980s — the feel of what has happened in Southeast Asia is in some ways quite different.

Asia's emerging markets came to view the private foreign investors as a virtually unlimited source of funds.

It is easy to understand why. Only seven years ago, private investment in developing nations around the world was a mere $30 billion, compared with official aid of nearly $65 billion.

Now the proportions are starkly different. Official aid has declined to $45 billion last year, and private investment ballooned to roughly $245 billion.

When that money was flowing in, Asian leaders had no complaints.

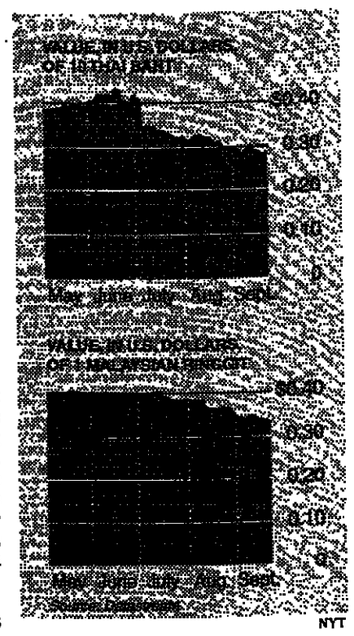
They were being rewarded, they said, for hard work, rising productivity and the emergence of an educated middle-class that saved at rates that put Americans to shame.

■ Rubin Argues U.S. Position

Mr. Rubin is a veteran of Wall Street who brings an international investor's eye to every policy debate, Bloomberg reports. He spent the weekend arguing in private meetings that the markets were imposing badly needed discipline on countries that had failed to regulate their banks, pursued huge national projects that they could not afford and let cronyism win out over good judgment.

It is not exactly a welcome message.

At some moments the conflict has mirrored arguments in the U.S. Congress over whether free trade accords undercut American workers. At other times it has been tinged with anti-American oratory, with particularly resentful comments about Washington's failure to take part in a bailout of Thailand this summer led by the International Monetary Fund. "It's really been quite remarkable," Mr. Rubin reflected Sunday night after a long dinner with his delegation, which is headed to China this week to assess many of the same issues addressed here. "For years, when I was at Goldman, Sachs and then when I first came to Washington, a number of us wondered when countries would fully engage in the debate about the effects of linking global markets."



RINGGIT: *Markets Fall in Malaysia*

Continued from Page 1

as policy and should not have been taken too seriously.

In a Hong Kong newspaper interview published Sunday, however, the prime minister did not mince words: "Currency trading will be limited to financing trade," he said.

Mr. Mahathir's anointed successor, Finance Minister Anwar Ibrahim, has insisted that the comments do not mean Malaysia will institute new trading regulations, saying that Mr. Mahathir was referring only to "an urgent need" to study the adverse effects of currency speculation.

Weeks of verbal attacks by Mr. Mahathir on speculators have left many Malaysian market players battle weary, eager for more reassurance from the government and less rhetorical flourish.

"The problem is a credibility gap right now," said Lai Tak Heong, director of research at SocGen Crosby Research Malaysia Sdn.

"We have to be very careful that we say the right things, not just do the right things."

Analysts said the current economic crisis — which follows nearly a decade of 8 percent annual growth — would not be helped by attacking foreigners but should be seen as a normal cyclical readjustment.

"The present crisis is a very useful thing in a way," said Mohamad Arif, executive director of the Malaysian Institute of Economic Research. "We had a crisis in 1985 with negative economic growth. That made us really turn around.

"I think we should see this as an important watershed year," he continued, "and instead of blaming the rest of the world we should see where we went wrong."

The cheaper ringgit, too, could greatly benefit exporters and reduce imports, analysts said.

But a further slide in the stock market could be dangerous for the overall economy, which is highly leveraged, with stocks often used as collateral for bank borrowings and financial acquisitions.

"If the market does continue to go down, we're going to have a consumer credit crunch and we could potentially have a banking crisis," said a foreign financial researcher in Kuala Lumpur.

Turbulence in the foreign exchange market — which presents added risk for investors with portfolios denominated in dollars — has limited the amount of foreign funds entering Kuala Lumpur since the de facto devaluation of the Thai baht on July 2 sent regional currencies plummeting.

"When we see stability in the exchange rates we may see investors returning to the market," said Steve Clayton, managing director of Caspian Research Malaysia Sdn.

JAPAN: *Seeking Middle Way*

Continued from Page 1

Mr. Curtis said. "But that isn't going to happen until it has to happen," he said, adding, "The domestic political price is too high."

"The Americans are so concerned about maintaining the alliance for our own purposes," he said. "We're not really going to put that much pressure on Japan to do more. And if we did, it could backfire."

Others disagree. "Even if the alliance is spared the test of a crisis, the status quo is not sustainable," Bruce Stokes and James Shinn of the Council on Foreign Relations argued. In the case of a Korean conflict, they wrote, "Japanese troops should be put in harm's way."

U.S. and Japanese officials — speaking with rare unanimity in both on- and off-the record remarks — insist that the revisions to the 1978 guidelines do not represent any expansion of Japan's military role, but only clarify how far Tokyo can go without violating its constitution and its anti-nuclear principles.

But judging from headlines in the Japanese and other Asian press, the guidelines are seen as significantly altering Japan's military position. A country that was dependent on the United States for protection has evolved into to a regional power that will cooperate with Washington in keeping the peace in the Asia-Pacific region and will provide some types of logistic support behind the lines in case of war — although it will not fight unless attacked.

Japan is walking a political tightrope: Offer too little military assistance, and it risks jeopardizing the alliance. Offer too much, and it risks alienating its neighbors.

Although Japan's historic reluctance to acknowledge its World War II aggression has receded, other Asian countries have watched with concern as Tokyo's defense expenditures rose from the equivalent of $29.3 billion in 1985 to $50.3 billion a decade later. That ranked it third in the world in military spending, after the United States and Russia, according to the International Institute for Strategic Studies.

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The Government of Lebanon represented by the Council for Development and Reconstruction (CDR) calls for a public and restricted tender in connection with the Finance, Design, Construction and Warranty of Sea Defences, Land Reclamation, Harbour Works, Rehabilitation of Bourj Hammoud Waste Dump, Sewage Pre-treatment Headworks and Infra-structure Works for LINORD Project, including transfer of public related works and other obligations to the Government of Lebanon.
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Tenderers will need to submit, with the tender, a letter from a prime bank, acceptable to the Employer, stating their financial capability to undertake a project of this magnitude.
The bidding documents may be purchased as from Thursday 4th of September 1997 during working hours, by interested bidders upon payment of US$20,000 (Twenty Thousand US Dollars) by a bank certified cheque in the name of the Council for Development and Reconstruction.
Bids shall be delivered to the CDR before the 12th of December 1997 at 12:00 noon (Beirut local time).

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INTERNATIONAL

Iran's New President Raises Hopes

Arab Countries and Even Israel Encouraged by First Steps

By John Lancaster
Washington Post Service

JERUSALEM — As Middle Eastern governments size up Iran's new president, Mohammed Khatami, there are growing signs that the traditional hostility between Arab countries and the revolutionary Islamic regime in Tehran may be starting to thaw.

Since Mr. Khatami's upset victory in May over a religious hard-liner, Arab leaders have been encouraged by his choice last month of several prominent moderates to fill key cabinet posts, his success in steering those appointments through Iran's conservative Parliament and a series of soothing foreign-policy statements from a theocratic government that has long been regarded as the region's main exporter of Islamic extremism.

Signs of the thaw include the planned resumption of Iran Air flights between Saudi Arabia and Iran, Iraq's recent decision to open its border to Iranian religious pilgrims and commitments by Arab governments to attend a conference of Islamic countries in Tehran in December.

Even in Israel, where officials remain deeply skeptical of Iran, newspapers recently have reported back-channel contacts between the two governments aimed at resolving commercial disputes stemming from the 1979 Islamic revolution.

"I think there has been a significant change in Iran," said David Menashri, a professor of Middle Eastern studies at Tel Aviv University and a scholar of Iranian politics. "It's not only the new government. It's the new atmosphere in Iran, a growing of expectations for change, and I think the team is capable, in terms of its ideology, of adapting more pragmatic policies."

Still, for all the optimism surrounding Mr. Khatami — a former culture minister known for his relatively tolerant attitudes toward the outside world — and the overwhelming vote that swept him into office, few neighboring countries are rushing to embrace the new Iranian government.

Like Washington and other Western capitals, moderate and pro-Western governments in the Middle East remain deeply concerned over the continued influence of Iran's supreme leader, Ayatollah Ali Khameini, an arch-conservative who retains dominion over Iranian foreign policy and the allegiance of many lawmakers in Parliament.

They also caution that any warming trend could be abruptly reversed if the United States determines that Iran had a hand in the truck bombing of the Khobar Towers housing complex near Dhahran, Saudi Arabia, that killed 19 U.S. servicemen in June 1996.

Analysts note, moreover, that while many Iranians voted for Mr. Khatami because they believed that he would improve Iran's relations with neighboring countries and the West, the dominant issues of the presidential campaign had less to do with foreign relations than with domestic concerns, such as restrictive social and cultural policies and the dismal state of Iran's economy.

"I cannot disregard the basic difficulties that his team could have in achieving a breakthrough on the core issues of the revolution," Mr. Menashri said. "If there's one issue on which Khatami is different, it's basically on culture, not foreign policy.

"We are in the beginning of a process. There has been a significant change with much promise but we are not in a position right now to prophesize."

Officials from pro-Western Arab countries espouse the same cautious view. "O.K., fine, he might be a moderate within the ruling structure of Iran, but is he a moderate" in any other context? asked an Arab diplomat from a Gulf country. "Our approach to the Iranians has been that we really don't care what they say, we care what they do."

For centuries, Arabs have looked with fear and envy at their large and powerful neighbor to the east. While some Arab countries, notably Egypt, forged strong ties to Shah Mohammed Reza Pahlavi, who was supported by the United States, relations between Arab governments and the Shiite Muslim clerics who deposed him in 1979 have been marked by mutual enmity and mistrust.

Arab governments accuse Tehran of trying to export its revolution through support for such Islamic militant groups as Hezbollah, or Party of God, whose military wing has been linked to terrorist activities worldwide and which is the main Shiite Muslim force fighting Israeli troops in southern Lebanon.

If the West and its regional allies seem reluctant to move too quickly to embrace the new Iranian government, that is largely because of their experience with Mr. Khatami's predecessor, Hashemi Rafsanjani, who stepped down last month after two four-year terms. Though widely perceived as a moderate, Mr. Rafsanjani could not escape the suspicion that he, too, sanctioned terrorism after a German court concluded that Tehran had ordered the assassination of Kurdish opposition figures at a restaurant in Berlin in 1992.

Even Washington has welcomed Mr. Khatami's election as a possible turning point in Iran's relations with the outside world, a view that is widely echoed throughout the Middle East. An ayatollah's son of impeccable revolutionary credentials, Mr. Khatami has a reputation for open-mindedness that stems largely from his role in relaxing restrictions on the content of books and film during his tenure as minister of culture and Islamic guidance. More telling, perhaps, were his cabinet appointments.

They include Foreign Minister Kamal Kharrazi, Iran's former ambassador to the United Nations, who holds a doctorate in science and education from the University of Houston and is regarded with suspicion by conservatives because of his long years in the United States; Culture Minister Ataollah Mohajerani, who stirred up controversy several years ago by publicly calling for dialogue with the United States, and Intelligence Minister Oorban Ali Dorri Najaf-Abadi, a former lawmaker who has spoken candidly about Iran's mounting budget woes.

Mohammad Sayyad/The Associated Press

ANNIVERSARY MARCH — Carrying weapons with flowers in the muzzles, female Iranian soldiers marched Monday in Azadi Square in Tehran to mark the beginning of the eight-year war with Iraq in 1980.

BRIEFLY

45 More Civilians Slain in Algeria

PARIS — Muslim rebels are suspected of killing 45 civilians, burning many of their bodies, in attacks on a cluster of tiny villages in Algeria's province of Medea, Algerian newspapers said Monday.

At least 17 children were among the dead, most of whom had their throats cut.

Prime Minister Ahmed Ouyahia dismissed the violence, saying the terror campaign was doomed. But he acknowledged that fear felt by millions of Algerians was linked to what he termed "terrorist acts perpetrated in August, the blackest month since 1994." *(Reuters)*

Israel Orders Closure of Mosque

JERUSALEM — The Israel Army said Monday that it had ordered the closure of a mosque and a youth center in two West Bank villages near Hebron after finding what it called "incitement material" praising Islamist suicide bombers.

Israel has rounded up scores of suspected activists of the militant Islamic group Hamas since five suicide bombers killed 20 Israelis in two attacks on July 30 and Sept. 4.

"The civil administration issued two military orders to close Hamas institutions: a youth club in Samua village and a mosque in Dura village," said Peter Lerner, spokesman for the army's occupation authorities in the West Bank and Gaza. *(Reuters)*

Mexico Church Calls Drug Trade 'Sin'

MEXICO CITY — Mexico's Roman Catholic Church, facing controversy over an official's reported remarks that the church took donations from top drug traffickers, has condemned the narcotics trade as a sin.

"The Catholic Church rejects drug trafficking, considering it a scourge on humanity, and an activity contrary to religious doctrine," said a statement issued by the archdiocese of Mexico City.

The statement followed remarks attributed in newspaper accounts to a church official, Javier Soto, a canonist and high-ranking member of a Mexican order, in a homily at Mexico City's Guadalupe Basilica. He reportedly praised two drug traffickers for their generous donations to the church. *(Reuters)*

Volcano Destroys Montserrat Airport

OLVESTON, Montserrat — A volcanic avalanche of super-heated ash and rock has torn through Montserrat's abandoned airport, igniting its wood-frame terminal building and burying parts of the runway before racing into the sea.

The airport, on the eastern coast of this British Caribbean colony, was closed days before a June 25 eruption killed 19 people.

The latest eruption began around 3:55 A.M. local time, firing a searing cloud down the volcano's eastern flank and on to the airport. *(AP)*

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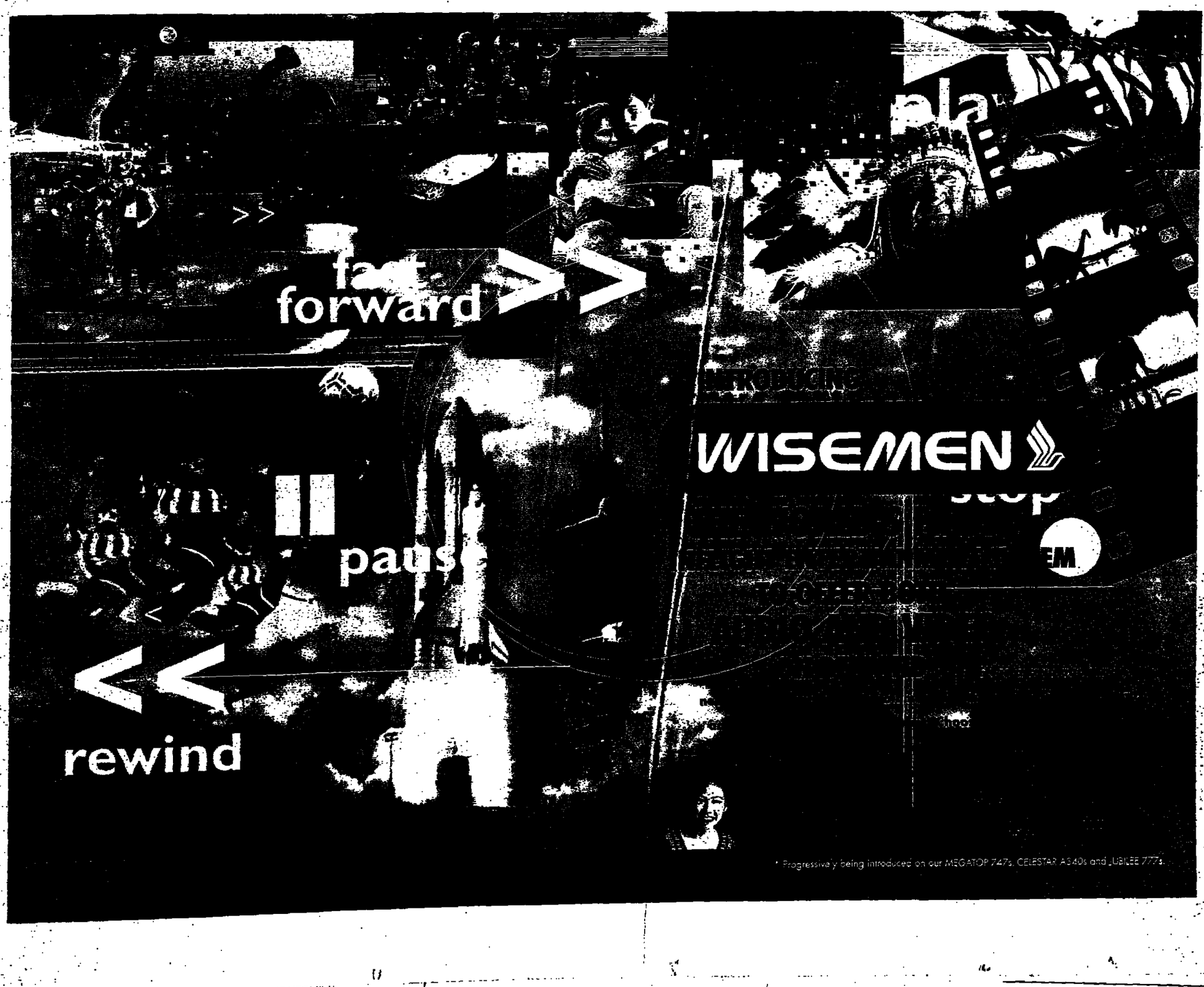


Hashimoto Apologizes As Felon Quits Cabinet

By Kevin Sullivan
Washington Post Service

TOKYO — Prime Minister Ryutaro Hashimoto's risky appointment of a convicted felon to his cabinet 11 days ago ended in disaster Monday when Mr. Hashimoto accepted the minister's resignation in the face of public outrage and political pressure.

Koko Sato, 69, who was convicted of taking bribes in the Lockheed scandal of the 1970s and received a suspended prison sentence, said he was resigning "to avoid any further confusion in national politics."

But the furor caused by Mr. Sato's appointment, which was a favor from Mr. Hashimoto to his party's conservative old guard, has caused confusion and damage for the prime minister at an important moment in his administration.

Mr. Hashimoto bowed deeply and apologized during a news conference Monday for the "chaos" caused by the affair, admitting that he "hadn't thought enough about the weight of public opinion" before making the appointment.

Public response was nearly unanimously harsh and swift after Mr. Sato's appointment Sept. 11. Many analysts said Mr. Hashimoto had expected to be criticized for appointing Mr. Sato but had thought his generally high level of public support would carry him through until the uproar subsided.

Instead, Mr. Hashimoto was bashed relentlessly in the media by opposition politicians and even by some members of his own party. The public also was uncharacteristically unified and vocal: Dozens of people stood in typhoon winds and rains last week to picket Mr. Hashimoto's residence. One lawmaker in the governing party said a group of 50 angry women from his district had come to Tokyo to give him a tongue-lashing about Mr. Sato.

Mr. Hashimoto also saw his popularity rating plummet as low as 28 percent in one poll last week. His Liberal Democratic Party, which recently recaptured a majority in the powerful lower house of Parliament, also has taken a beating from critics, who say the party is arrogant and out of touch with public sentiment.

"The whole thing is so shocking because you realize that for several years we have been duped into thinking that things were really changing," said Christopher Redl of ING Barings in Tokyo.

"This shows that as soon as the LDP got back into power, they went right back to their old ways," he said. "The old village mentality lives on in the LDP."

As a result of Mr. Sato's appointment, the government, which had been stronger and more popular than any administration in a decade, has been substantially weakened at a time of crucial domestic and foreign-policy tests.

This week, Japan and the United States are to unveil a bilateral security arrangement that will require approval by Japanese lawmakers — a task that analysts say may be more difficult for a weakened prime minister.

Mr. Hashimoto appointed Mr. Sato to appease the wing of his party headed by former Prime Minister Yasuhiro Nakasone.

In choosing a party veteran, Sadatoshi Ozato, 67, to replace Mr. Sato, Mr. Hashimoto appears to have steered away from factional political considerations. Mr. Ozato was praised for leading the government's response to the Kobe earthquake in 1995, and he is not directly associated with Mr. Nakasone and the party's conservative wing.

Although Mr. Hashimoto has been weakened by the events of the past week, many analysts say the Sato affair could fade quickly because the prime minister apologized frankly and vowed to continue pushing his reform efforts.

Doctors Reattach A Torn-Off Face

The Associated Press

MELBOURNE, Australia — In a 25-hour operation, surgeons in Australia reattached the face of a woman after a farm machine tore much of her scalp and face from her head, doctors said Monday.

The 28-year-old woman, from Shepparton, in central Victoria state, was injured when her hair got caught in machinery in a milking shed Sept. 16, ripping off virtually her entire face and scalp, exposing the bones and muscle of her face.

"The tissue that was sent to us was packed in ice, and when we unraveled it and laid it out, here was a face looking at us," said Dr. Wayne Morrison [illegible] led the team that re[illegible]ed the [illegible] all Indian, and two Japanese used microscopes to magnify tiny blood vessels as much as 30 times to match the vessels in the amputated tissue with the remaining tissue.

The surgeons said the woman would look much as she had before the accident except for scars around her eyelids and chin.

Mike Fiala/Agence France-Presse

DIPLOMATIC GRAPPLING — President Jiang Zemin of China, right, tugging President Martti Ahtisaari of Finland before they held talks Monday in Beijing. After a six-hour stopover, Mr. Ahtisaari flew to Osaka, Japan. He is to meet later this week with Prime Minister Ryutaro Hashimoto and Emperor Akihito.

As Economy Sours, Thais Seek Solace

By Thomas Crampton
Special to the Herald Tribune

BANGKOK — He may not have watched the stock market fall and perhaps he did not follow the Thai currency's dive, but Phra Payom Klayano, a high-ranking Buddhist monk, has his finger on the pulse of the Thai economy.

"Since late last year, attendance at the temple has more than tripled," he said, sitting cross-legged in Suan Kaew Temple outside Bangkok. "When the economy is not good, they come in much greater numbers."

For the Thai monk, who made his name on television with sermons critical of the country's rapid modernization, people are looking for religion as well as economic miracles.

In just six months, Thailand's decade of fast economic growth has reversed course and turned into a nightmare, with the government forced to ask for a $17.6 billion international bailout package.

Companies are going bankrupt, unemployment is on the rise and some experts warn that the specter of hyperinflation may lie ahead.

Protesters have been rallying in preparation for Parliament's vote this week on an anti-graft constitution.

Stress from the crisis is driving more people to contemplate suicide, according to a survey published last week by the Ministry of Health. Officials said the survey of more than 1,000 business leaders and office workers found "alarming" signs of stress, especially among real estate developers.

Many Thais, however, have begun seeking solace in religion and psychotherapy.

Saturday, in the most high-profile display of religious unity against the economic crisis to date, more than 100 monks gathered at the Temple of the Emerald Buddha in Bangkok to lead a nationwide chant to dispel bad karma and to promote positive feelings.

Thousands of lay people, including several cabinet members, sat in the ornate temple and surrounding areas of the Grand Palace to listen as four patriarchs led the prayers and then dispensed water blessings on the crowd.

Broadcast on television and radio, the ceremony had been proposed by the Supreme Patriarch to bolster the morale of Buddhists. Prayers were held simultaneously by provincial governors and high monks throughout the country.

The event came several days after a monk criticized the prime minister's wife, Khunying Pankreua Yongchaiyut, for seeking support from ceremonies that he said catered to superstitious beliefs, and which are frowned on by the religious establishment.

The prime minister's wife, who often carries a stuffed elephant to ward off evil, succumbed to pressure and canceled her participation in a ceremony to prevent the god Rahu from "swallowing the moon" last week during a lunar eclipse.

Among Bangkok's newly wealthy, the strength of traditional beliefs is giving way to an increased faith in the techniques of psychotherapy.

"In the past, Thai people relied on their extended family for support in difficult times," said Wanlop Bhiyamanotham, a psychotherapist and director of the Sukhumvit Hospital Psychology Department. "Now they are looking for new ways to deal with the economic crisis."

Mr. Wanlop said there has been a fast-growing demand for individual counseling and mental relaxation classes. "We first offered a one-day class three weeks ago to teach people how to deal with stress," he said. "Now we hold the class every weekend and have to turn away many people who want to attend."

The one-day class, for about $55, addresses the causes of insomnia, depression and hypertension, with instruction on relaxation awareness, positive thinking and stress management.

"Thai people do not traditionally like psychology," he said, "but it presents important ways to deal with problems of modern society."

Kim Jong Il Makes a Move To Take Reins In North Korea

By Nicholas D. Kristof
New York Times Service

TOKYO — Kim Jong Il, the long-time "Dear Leader" of North Korea, has taken the first public step toward assuming formal control.

The North Korean news agency reported Monday that a provincial conference of the ruling Korean Workers' Party had adopted a resolution on Sunday recommending that Mr. Kim be appointed the party's ruling general secretary.

The announcement set the stage for Mr. Kim to become the formal leader of the Workers' Party, which is the North Korean equivalent of a Communist Party.

So Yun Sok, a Politburo member, said to the meeting's participants before they voted unanimously for the resolution:

"Comrade Kim Jong Il enjoys absolute trust and respect from the Korean people and the progressives around the world for the immortal exploits he has performed for the people's revolutionary cause, the cause of socialism."

"The historic changes and amazing events in Korea prove that he is the most distinguished leader and greatest statesman in the present time."

North Korea has been without a political party leader or chief of state for three years, since the death of Mr. Kim's father, Kim Il Sung, who was in power from the end of World War II.

The younger Mr. Kim is believed to be in de facto control of the country. But he has delayed taking the titles of power, apparently in part to adhere to a traditional three-year mourning observed for Korean monarchs.

Mr. Kim's ascension would make the lines of authority in North Korea clearer, and would open a possibility of top-level meetings with the leaders of other countries.

But there is little indication that Mr. Kim will take North Korea in some dramatic new direction after taking office.

Indeed, Mr. Kim's elevation would mean that the least understood country in the world at this time would be headed by the globe's most enigmatic leader.

Mr. Kim, 55, has never traveled outside the Communist world and is not known to have ever met a Westerner.

The only time that ordinary North Koreans have ever heard his voice was in 1991, when he made a one-line speech on assuming the post of army commander.

Although Mr. Kim now seems certain to become general secretary of the Communist Party, there has been speculation that he would assign the post of president to someone else.

That would put the responsibility of meeting with foreign leaders on another.

Mr. Kim has never shown interest in such direct diplomacy.

By many accounts North Korea is on the verge of a severe famine. But the government does not allow most visitors to go to the countryside or to travel around, so it is difficult for outsiders to gauge how severe the hunger is.

■ Missile Deployment Detected

A U.S. military satellite has detected a North Korean deployment of ballistic missiles capable of reaching Tokyo, Reuters reported from the Japanese capital, citing news outlets.

In possible preparation for a test-launching, missiles called Rodong 1, according to satellite images, were being mounted on mobile launchers at a northeastern base, the newspaper Yomiuri Shimbun said.

U.S. military officials were not immediately available for comment.

To monitor possible firings by North Korea, which conducted Rodong 1 experiments in 1991 and 1993, the United States had deployed two RC-135 electronic reconnaissance planes in northern Japan, Yomiuri Shimbun said.

In a 1993 test, North Korea caused anxiety in Japan by firing a missile into the Sea of Japan, demonstrating that parts of western Japan were within the missile's estimated 1,000-kilometer (600-mile) range.

Recent U.S. military reports, however, have put the range of the Rodong 1 at 1,300 kilometers (780 miles), enough to reach the densely populated Tokyo region, the paper said.

The British magazine Jane's Defense Weekly said in May that North Korea had deployed launchers for 10 of the Rodong 1 missiles in the northeast and near the capital, Pyongyang.

BRIEFLY

Haze From Borneo Fires Worsens Across Malaysia

KUALA LUMPUR — The haze shrouding much of Malaysia worsened Monday, and officials said it might not be dispersed by winds any time soon.

A state of emergency declared last week in the Borneo Island state of Sarawak was extended as smog levels from forest fires rose again after dropping off over the weekend.

The regional Kuching Airport was ordered shut down. Schools, businesses and factories remained closed, and 1.9 million people were advised again to remain indoors. *(AP)*

Philippine Trains Collide

MANILA — Two overloaded commuter trains bound for Manila collided Monday after one separated from its engine and rolled backward more than a mile into the path of the other.

At least seven people were killed and 220 injured, officials in Muntinlupa said.

Many people were crushed in a stampede as passengers tried to escape, witnesses said.

They said the second train was so overcrowded that some people were riding on the roof and were injured when they jumped off moments before the collision. *(AP)*

Afghans Warn Tehran

KABUL — The Taleban leadership accused Iran on Monday of providing military hardware to the opposition alliance and threatened unspecified "grave consequences" if the shipments continued.

"The Foreign Ministry of Islamic State of Afghanistan strongly protests against Iran's intervention and desires them to stop," said a statement released in Kabul by the Foreign Ministry.

The Iranian government still recognizes the government of President Burhanuddin Rabbani, whose forces were ousted from Kabul almost a year ago. *(Reuters)*

Singapore Court Asked to Overturn Libel Award

Reuters

SINGAPORE — Singapore's Court of Appeal on Monday was urged to overturn the country's biggest libel award, with an attorney for an opposition politician arguing that it contained illegal errors and had been brought for political reasons.

Charles Gray, a British libel lawyer who filed the appeal, said that most of the cases brought by Prime Minister Goh Chok Tong and 10 leaders of the People's Action Party against Tang Liang Hong, an opposition politician, were intended to keep him from becoming a member of Parliament.

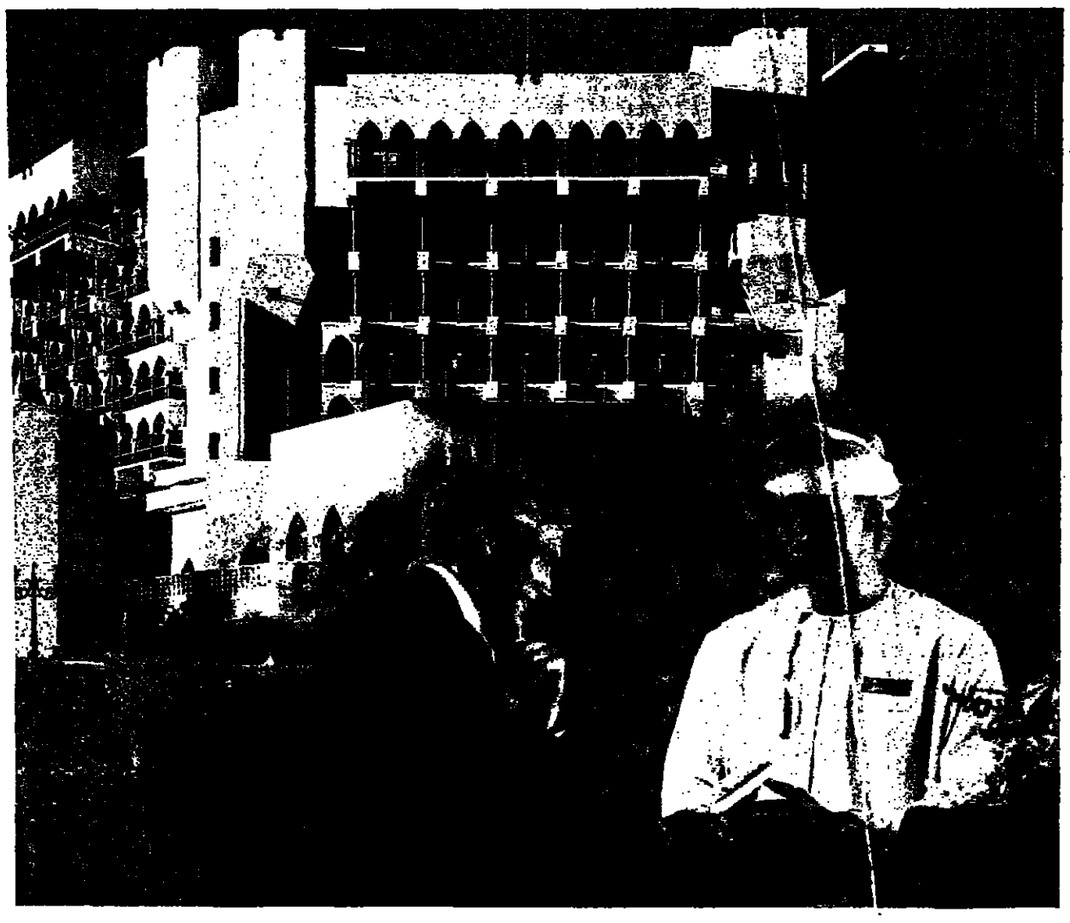
Mr. Goh and his colleagues were awarded 8.08 million Singapore dollars ($5.35 million) and costs earlier this year after Mr. Tang called them liars. Appealing that verdict, Mr. Gray said the award was "grotesque" and would have a "chilling effect on freedom of speech and political debate."

"The political agenda is clear and transparent," Mr. Gray said. The party leaders, who deny that they use the courts to crush opponents, have said that they sue to defend the integrity that is critical to their ability to rule.

But Mr. Gray said the case should never have been decided against Mr. Tang because Justice Lai Kew Chai, who issued orders critical to the final result, should have disqualified himself because of possible perceptions of bias.

Mr. Gray said he was not accusing Justice Lai of bias. But since the judge was a former partner in a law firm co-founded by Senior Minister Lee Kuan Yew, a People's Action Party leader, and because he had called Mr. Tang a "liar" and a "coward," there could be a perception of bias, the lawyer continued.

Mr. Gray said the party leaders had brought no evidence to substantiate their charge that Mr. Tang was a dangerous chauvinist in Singapore, which is more than 70 percent ethnic Chinese with substantial minorities of Malays and Indians.



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EUROPE

In the New Russia, an Old Specter Returns: Legions of Street Children

By Daniel Williams
Washington Post Service

ST. PETERSBURG — The boys huddling behind the statue of Catherine the Great on Nevsky Prospekt appeared for a moment to be blowing up balloons. But the balloons were plastic bags, and the boys were not exhaling air but breathing in glue.

Spotted by a policeman, they tried to scramble away, but one, who appeared to be about 8, was collared. It was a variation on a scene that is becoming common on the streets of Russia's cities — even such stately main streets as St. Petersburg's Nevsky Prospekt. Vagrant children, some homeless, wander about looking for handouts, for pockets to pick, glue to sniff, vodka to guzzle, a sex partner to rob.

They are called *besprizorniki*, neglected ones. The word, which was used to describe the legions of orphans who spanned Russia's streets and countryside during the civil warfare of the 1920s, has made a sudden comeback in today's laissez-faire Russia, where many children appear to be clinging to survival.

An epidemic of street children has made Russians fearful of a lost generation that at best will be undereducated and at worst may grow up to lives of crime and disease.

"The indicators are frightening," said Ekaterina Rozhdektvenskaya, director of the Women's Organization for National Health, a social welfare group. "Everywhere we turn, we see more violence toward children, more sex abuse, worse health, more fatherless homes. It looks bad for our future."

About four in 10 Russian children live in poverty, according to United Nations estimates. The number of juvenile criminal arrests has increased by more than a third since the early 1990s, to more than 200,000 a year, according to the Internal Affairs Ministry.

In St. Petersburg, Russia's second-largest city, with a population of more than 4 million, there may be as many as 3,000 vagrant children. In Moscow, the number is at least double that, social workers say. In warm weather, it is easy to spot such children lingering in parks and woods that surround both cities, or gathered outside fast-food restaurants.

Numerical comparisons with Russia's recent past are difficult to make. During the Soviet era, runaways and the homeless, whether children or adults, were treated by the Communist state as social aberrations. Children whose parents abused or abandoned them were placed in institutions or orphanages; runaways were regarded as delinquents and sent to reform schools.

"It's not like the problem did not exist; in fact, it was a big problem, but it simply was hidden from view," said Valery Sokolov, director of Nochlezka, a charity that operates shelters for the homeless in St. Petersburg.

Paul Miller/The Washington Post

Two of Russia's many young "neglected ones" sniffing glue in a sewer in St. Petersburg.

These days, however, social and familial instability peculiar to the new capitalist Russia contribute to the growing herds of wandering youngsters.

Workers who were underemployed under Soviet rule are unemployed today, and families have a hard time making ends meet. If there was little to buy with paychecks in Soviet times, at least there were paychecks. If social services were inefficient, today they are evaporating from lack of funding.

Migrants from former Soviet republics also swell the ranks of the homeless in Russia, which continues to use the Soviet system of internal passports to discourage migration from the countryside to the cities. Without a permit, children of migrants cannot attend local schools and often end up in the streets.

Kremlin funding for social services is sparse, and much of the burden falls on cash-poor and often corrupt local governments.

"Taking care of these children is low on the spending totem pole," said Jeff Groton, a physician with Doctors of the World, a New York-based medical aid organization that runs health-care programs for neglected children in St. Petersburg.

All of this is occurring against a backdrop of disturbing health and social trends in Russia — including declining life expectancy and rising alcoholism.

Officials and aid workers in St. Petersburg say the majority of street children here are fleeing domestic violence associated with alcohol abuse.

According to published reports here, men who drink heavily frequently abandon families or beat their wives and children; many pregnant women drink to such an extent as to damage their unborn children; and at least one Russian family in five has an alcoholic member.

Of those street children not fleeing alcohol-related violence, estimates indicate that about a third are fugitives from state orphanages and reform schools; a third are the offspring of women who have been forced out of their homes by abusive husbands; and a third are seeking adventure away from the city's sprawl of bleak housing projects. They live in sewers, pedestrian underpasses, railway stations, garbage dumps and abandoned buildings.

Outside St. Petersburg's Moscow train station, Sasha and Anatoli, both 13, stood among a gaggle of friends passing time on a late summer night. Occasionally, one would rush over to a taxi stand to beg money from a waiting passenger. The eyes of the others darted from side to side, keeping a lookout for "our policemen," as they jokingly referred to the local patrolmen.

"It's better here than home," said Sasha. "Everyone's drunk at home. They fight like dogs."

"So? You drink too," quipped Anatoli. "But you can't fight."

"Are you blue?" Sasha asked a visitor. Blue is street slang for homosexual. "If you like boys, you know, it's only $10. For girls, it's more."

Down Nevsky Prospekt, in front of Kazan Cathedral, a group of four older boys crowded onto a bench watching passersby. Two work at an outdoor market in the suburbs, a common form of underpaid labor among Russian youths, and all four live in an apartment far from the center of town.

All said their fathers worked in factories and that they had no money for any entertainment.

"In Russia, you understand, you live by knowing someone or stealing," said a youth who identified himself as Dmitri. "School doesn't make any difference."

The youths avoid the police, who are responsible for rescuing children, either from abusive parents or the streets, and taking them to one of the city's 18 shelters. At some shelters, the city provides teachers, some food and perhaps dilapidated facilities. It is up to shelter operators, usually private charity groups, to refurbish the buildings and provide clothing, bedding, medical care, books, television and toys.

Many of the children brought in suffer from disease. Tuberculosis is common, and AIDS is becoming a concern, Dr. Groton of Doctors of the World said. His organization uses children's drawings to try to ascertain their psychological state. A boy named Maxim, a 14-year-old drug addict, depicted himself as headless, and Tanya, 18, a sex-abuse victim, imagined herself as a boy in military uniform in a rainstorm.

Most of the shelters are simply storage bins for children, according to a report by the Nochlezka charity.

But some have tried to help children either return to their families or live in foster homes and perhaps be adopted. "Our goal is to keep them out of orphanages," said Tatiana Ignatevna, deputy director of a shelter called Education House near St. Petersburg. "They will only go bad there."

Another shelter, the newly renovated, city-donated Almus Center, strives for similar goals but has been plagued by problems. A water main broke recently, and the 40 children housed there were without running water for some time.

Operators of many of these shelters are at odds with the city government over how long they should care for the children. The city wants them placed in foster homes or institutions within a year, but the shelter operators want to take as much time as possible to ensure that a child's new home will be permanent. "In a year, you only begin to know a child," said Mikhail Ilyakov, director of Almus.

Hamburg Results Stir Rivalries in German Left

By John Schmid
International Herald Tribune

FRANKFURT — The rivalry within Germany's political left over who will challenge Chancellor Helmut Kohl next year stepped up on Monday following the Social Democratic Party's worst postwar showing in Hamburg's local elections over the weekend.

Mr. Kohl, whose own ranks are beset by internal discord and slumping public support, basked in the afterglow of the Hamburg tallies. The chancellor said his party's strong second-place finish in Hamburg's traditional Social Democratic stronghold gave him a solid start in the national elections in September next year, when Mr. Kohl will seek an unprecedented fifth term.

He said Hamburg's voters had repudiated the Social Democrat's "reform blockade" in Parliament, where the leftist opposition has buried Mr. Kohl's economic reforms.

Mr. Kohl's party vowed to use the leverage from Hamburg's results against the opposition on Thursday when parliamentary talks resume on the chancellor's stalled plans to overhaul Germany's high tax rates in a move to create jobs and invigorate the economy, observers said.

Commentators and political analysts said the surprise results from Germany's second-largest city posed a political setback for Social Democrats and served as a warning to Gerhard Schroeder, a potential Social Democratic candidate for chancellor and the front-runner against Mr. Kohl in opinion polls.

Hamburg's mayor, Henning Voscherau, a Social Democrat who resigned after Sunday's stinging setback, had borrowed liberally from Mr. Schroeder's campaign positions. Like Mr. Schroeder, Mr. Voscherau took a tough stance on crime, portraying himself as a law-and-order politician, an uncustomary stance for the German left.

And like Mr. Schroeder, Mr. Voscherau in the final weeks of the campaign talked about delaying Europe's proposed single currency, the euro, which is Mr. Kohl's cherished political dream.

Although the Social Democrats remain the strongest party in Hamburg, they fell 4 percentage points from their 1993 tallies to 36.2 percent while Mr. Kohl's Christian Democrats gained more than 5 points to 30.7 percent.

With his resignation, Mr. Voscherau deprived his party of one of its top modernizers and economic experts and left it "in shock," in the words of Joerg Kuhbier, Hamburg's Social Democratic Party leader.

"Voscherau and Schroeder are closely linked," said Karl-Heinz Klaer, a political strategist in Bonn for the Social Democrats. Mr. Klaer predicts the Hamburg results will be a boost for Mr. Schroeder's rival for the top job, Oskar Lafontaine, the party's national leader.

The Schroeder-Lafontaine rivalry has become one of Germany's most popular spectator sports. Mr. Lafontaine, who wants to avenge the defeat he suffered to Mr. Kohl in the 1990 national vote, is an old-style German progressive and defender of the high-wage, high-tax German economic model.

By contrast, Mr. Schroeder paints himself as a pro-business party modernizer who supports reforms in the social-market economy.

The newspaper Die Welt said Mr. Schroeder would need to think twice about his strategy.

"Backing internal security as a campaign theme did not pay for the SPD," the conservative newspaper warned. "Gerhard Schroeder should consider this if he is going to try to raise his profile with this topic nationally."

For Europe's drive to unify behind a single currency, the election was a boon, economists said. Voter repudiation of an anti-euro stance disarms other Euro-skeptic politicians in Germany and helps ease fears that the entire project will falter on rejection by German voters, said Holger Schmieding, economist in Frankfurt for investment house Merrill Lynch.

Milosevic Protégé Faces Runoff

Nationalist Outflanks Strongman's Party in Presidential Race

The Associated Press

BELGRADE — For the first time since Slobodan Milosevic took control of Serbia 10 years ago, his Socialist Party appeared headed Monday for a runoff in presidential elections — against an anti-Western candidate more nationalistic than Mr. Milosevic.

While the Socialists swept legislative elections in the Serbian Republic, a Milosevic protégé, Zoran Lilic, failed to win the 51 percent of a vote Sunday required for a first-round victory.

Mr. Lilic is likely to face the leader of the Radical Party, Vojislav Seselj, in a second-round race Oct. 5, according to partial results from the two parties. The Radicals also were close behind the Socialists in the race for Serbia's 250-seat Parliament.

Mr. Seselj, a 42-year-old federal legislator and the mayor of a town on the outskirts of Belgrade, began his political career on his success as a paramilitary commander during the wars in Croatia and Bosnia. Virulent in his fight for a "greater Serbia," Mr. Seselj famously declared that his men would "take our the eyes of Croatians with rusty spoons."

An advocate of ethnic cleansing in Serbia, Mr. Seselj appeals to people disgruntled that Mr. Milosevic, as Serb president, dragged the Balkans into war and then signed the 1995 Dayton peace agreement.

Nevertheless, Mr. Seselj is unlikely to win the presidency. Socialists are likely to back Mr. Lilic, as are supporters of the pro-democracy opposition, which boycotted the vote Sunday, but who are likely to see Mr. Lilic as the lesser evil.

"It is clear that citizens of Serbia made up their minds between a smaller and a bigger isolationism," said Belgrade's mayor, Zoran Djindjic, whose Democratic Party boycotted the election and accused the state media of heavily biased campaign coverage.

With state electoral officials putting voter turnout at 62 percent, the boycott was a failure. Mr. Djindjic and his allies had hoped that 51 percent of the electorate would follow the boycott, and thus render the election invalid.

BRIEFLY

German Fears of Virus

MAINZ, Germany — German authorities raced Monday to find people who came into contact with a Ghanaian man suspected of dying of Lassa fever, a deadly disease similar to Ebola.

The health authority in the city of Mainz said it had reached 50 people, most of them hospital staff, who had had contact with the 37-year-old man.

He died Saturday soon after admitting himself to a local hospital.

The Lassa virus, which regularly hits regions of Africa, is transmitted through rat urine or human bodily fluids including sweat.

"We have not found any further cases of the disease," said Christiane Zerfass, a spokeswoman for the Health Ministry in the state of Rhineland-Palatinate. "There is no need for quarantine measures yet because people are not infectious until they develop symptoms of the disease." The virus can be treated effectively if diagnosed in the first six days. The incubation period ranges from 3 to 16 days. *(Reuters)*

Cypriot Rivals to Meet

NICOSIA — The Cypriot president, Glafcos Clerides, and the Turkish Cypriot leader, Rauf Denktash, will begin a U.S.-brokered dialogue Friday centering on security issues on the divided island, the United Nations said Monday.

Mr. Clerides, the Greek Cypriot leader, and Mr. Denktash are to meet in the divided capital, Nicosia, on Friday afternoon at the residence of Gustave Feissel, the UN's chief of mission on the island. "They will meet without preconditions and without an agenda," a UN statement said. "The two leaders will meet alone in the presence of the chief of mission." *(Reuters)*

A Party Attack on Blair

EASTBOURNE, England — Prime Minister Tony Blair came under fierce attack Monday at the annual conference of the minority Liberal Democrats, whom he welcomed last week into a cabinet committee.

The party's leader, Paddy Ashdown, who is under fire from some delegates here for having too close of a relationship with Mr. Blair, accused the Labour government of a "straight betrayal" of election promises. And the party's spokesman on treasury affairs, Malcolm Bruce, criticized the economic policies of the chancellor of the Exchequer, Gordon Brown.

Last Wednesday, Mr. Ashdown and four of his colleagues joined a consultative cabinet committee reviewing government plans for constitutional reform. *(Reuters)*

Gonzalez on the Stand

MADRID — Former Prime Minister Felipe Gonzalez, testifying in a high-profile corruption case, told the Supreme Court on Monday he knew nothing about the funding of the Socialist Party during his 13-year leadership.

Mr. Gonzalez, who was prime minister until last year, appeared as a witness in a trial on illegal party financing — a scandal that helped bring his Socialist government down. "I didn't worry about the party's accounting matters because I was dedicated to government duties," Mr. Gonzalez said. Twelve senior Socialist officials are accused of funneling funds from Spanish companies into the party's coffers to finance election campaigns. *(Reuters)*

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VILLENEUVE-SUR-LOT
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CORDES
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Reno's Baby Steps

The need for an independent counsel to look into White House fund-raising during the 1996 campaign has long been obvious. By ordering preliminary reviews of the legality of phone solicitations made from federal offices by Vice President Al Gore and possibly by President Bill Clinton, Attorney General Janet Reno is finally lurching in the direction of doing her duty. But Ms. Reno is still moving with the inexcusable lassitude and lack of precise legal focus that have been typical of her tenure at the Department of Justice.

Her current schedule — a 30-day preliminary review and a second phase lasting up to 90 days — looks like a dilatory move to buy time for Mr. Clinton, Mr. Gore and the Democratic National Committee. There is no need to wait. Ms. Reno has the legal authority to appoint an independent counsel immediately. Also, the public record of suspicious activity compiled by Senator Fred Thompson's hearings and various news organizations is so weighty as to undermine the purpose of a preliminary review.

At this point, no one will trust a Justice Department that answers to Ms. Reno and Mr. Clinton to decide whether all this information contains "credible evidence" of wrongdoing by top officials. That is the sort of determination that needs to be made by a prosecutor with no political entanglements.

Ms. Reno's attempt to narrow the preliminary inquiries to telephone calls is another ridiculously feeble response to the existing record.

The purpose of the Independent Counsel Act is to maintain public confidence in the political and legal systems. Given what we know about the Clinton fund-raising machine, that can only be supplied by a counsel with a broad mandate. He or she must investigate whether federal bribery statutes were violated in the course of trading White House invitations and presidential audiences for political contributions. There is also the question of who knew about the solicitation and laundering of illegal foreign contributions to the DNC. Only an independent counsel with full investigatory powers can reliably determine the extent to which soft money for party activities was converted into hard money for presidential campaigning.

For Ms. Reno to suggest that a counsel should be limited to determining only whether Mr. Clinton's and Mr. Gore's phone calls violated the Pendleton Act against solicitation on federal property is an insult to any citizen who follows the news. In reality, of course, once a counsel is appointed, he or she has the legal authority to follow any evidence of illegal activity. With her timid steps toward duty, Ms. Reno demonstrates once again that by interpreting the counsel act so as to delay and evade her obvious duty she lacks an encompassing vision of her job.

The attorney general is the custodian of public trust in the American legal system. In 1997, maintaining that trust means speedily appointing an independent counsel with a broad mandate. Ms. Reno is taking steps in that direction, but they are small and tardy.

— THE NEW YORK TIMES.

Teamsters Scandal

The Teamsters union's own campaign finance scandal continues to unfold and to ensnare. A federal prosecutor in New York now says both the Democratic National Committee and the AFL-CIO were used in efforts to launder and transfer money illegally from the union's treasury into the reelection campaign of its president, Ron Carey. Mr. Carey, running as the reformist candidate, won a narrow victory earlier this year over James P. Hoffa, son and political heir of Jimmy Hoffa, the former Teamsters president who was a symbol of the union's longtime corruption. Federal overseers have since invalidated Mr. Carey's victory, ordered a rerun and are considering whether he should be disqualified from taking part.

The prosecutors' charges remain unproven, and are based in substantial part on the testimony of three Carey campaign aides who pleaded guilty to various counts of fraud last week and now are cooperating with the government in hopes of lightening their own sentences.

The AFL-CIO says that if its officials played any part in the laundering scheme, they did so unwittingly — that they were used. The DNC says it never actually transferred any money into the Carey campaign, though not, according to the prosecutors, for lack of at least one major try. The White House says that whatever may have been done was confined to the DNC, and no matter that the goal may have been in part to raise additional money not just for Mr. Carey's re-election but for President Bill Clinton's.

"As far as we can determine, no one in the White House was aware of or participated in any alleged plan," a presidential spokesman said.

You have to hope that's so. The great irony of the Teamsters scandal is how many advocates and beneficiaries of union reform, in an effort to help the reformist candidate, ended up engaging in some of the very practices his candidacy was meant to oppose, including use of a union's treasury to help perpetuate its leadership in office.

The federal government spent nearly half a century trying to clean up the Teamsters. It finally took over the union in the late 1980s under a consent decree resulting from a racketeering lawsuit. Mr. Carey was then the victor in the first federally supervised election. In this second such election he was in a sense the federal candidate. Now the feds have been forced to renounce their own creation. Mr. Clinton cannot want his own re-election campaign to have played even a minor part in the subversion of what the Teamsters election was supposed to represent.

Organized labor was likewise a major albeit grudging beneficiary of the Teamsters takeover. The giant union had been expelled by the AFL-CIO, but its seamy history had nonetheless given labor a black eye. The recent success of the ostensibly reformed union in its strike against United Parcel Service had been cited by labor officials as proof of a rebound on the part of the movement generally. Only days later, Mr. Carey's election was set aside. The AFL-CIO no more than the administration can want to have been even a conduit in that. The losses in this sad and complicated case have already spread beyond the Teamsters union.

— THE WASHINGTON POST.

Raise the Price

President Bill Clinton drew the right lines last week when he laid down the minimum conditions that any comprehensive deal with the tobacco industry must meet. Our only quibble would be that he may not have gone far enough.

Right from the start it has been apparent that there are two disabling flaws in the proposed deal negotiated among state attorneys general, plaintiffs' lawyers and the industry. The deal would weaken the Food and Drug Administration's newly won legal authority to regulate the nicotine content of cigarettes, and it would impose penalties on the industry that are far too weak to ensure that youth smoking rates fall dramatically. Now the president has made it clear that both flaws must be corrected before he will sign on to any deal.

Mr. Clinton called for legislation that would guarantee the "full authority" of the FDA to regulate tobacco products like any other drug or device. It is a reasonable request that should be granted. He also proposed stiff penalties if steps by industry and government to reduce teenage smoking by 60 percent in 10 years fail to meet the target.

The penalties, when added to the other costs of the settlement, could force companies to raise the price of cigarettes by as much as $1.50 a pack over a decade.

That is all to the good. Most experts agree that price increases are the most certain way to reduce youth smoking. But there is no good reason for limiting the price boost to $1.50 if further analysis shows that more is needed. Higher increases would cut smoking even more.

— THE NEW YORK TIMES.

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In Congo's Forest, the Bones Are There to See

By Scott Campbell

WASHINGTON — In some remote parts of the Democratic Republic of Congo, you can still see the bones. The bones hidden in the central African forest are of Rwandan and Burundian Hutu refugees, killed while fleeing the advancing soldiers of Laurent Kabila's Alliance of Democratic Forces for the Liberation of Congo, or ADFL, and the Tutsi-dominated Rwandan Patriotic Army, or RPA. Mr. Kabila's troops, with important backing from Rwanda, Uganda, Angola and Burundi, ousted President Mobutu Sese Seko last May after a seven-month trek across what was then called Zaire.

On a recent trip to Congo, I was able to see and photograph part of what Mr. Kabila and Vice President Paul Kagame of Rwanda certainly do not want anyone to see: the remains of tens of thousands of civilian refugees massacred during Mr. Kabila's military campaign across the former Zaire. Among the decomposed remains were the bodies of a number of women and children. In many areas, the bones already have been hastily exhumed and burned by the RPA and ADFL soldiers who carried out the massacres. Mr. Kabila and Mr. Kagame are worried, with good reason, that a special UN investigative mission, now in Kinshasa, may find these bones and attempt to determine responsibility for the killings.

Over the past several weeks, Mr. Kabila has continued a game of cat and mouse with this UN team begun in May, sometimes blocking it completely, sometimes stating that the team can move forward — but on his own terms. Meanwhile, massacre sites continue to be cleaned up and potential witnesses intimidated and victimized by RPA and ADFL troops, often through arrest, beating or summary execution. Remarkably, some of the Rwandan officers and troops remain in Congo in the same areas where they participated in massacres, representing a lethal threat to any who would dare collaborate with the UN team.

As Mr. Kabila stalls, RPA troops continue to operate in Congo, attacking civilians and hunting down their Hutu foes who carried out the massacre of at least 500,000 Tutsi during the 1994 Rwandan genocide. Many of these armed Hutu elements are still at large in Congo and neighboring territories, creating a security threat for the region. In the RPA's attempts to eliminate these Hutu soldiers, many Congolese civilians as well as refugees continue to be killed.

During my visit, knowledgeable witnesses told me that they had seen U.S. soldiers in the company of RPA troops on Congolese territory on various dates, including July 23 and 24 of this year. Officials from the State Department have issued blanket denials of any "lethal" U.S. military assistance to Rwanda or any presence on Congolese territory, until last month, when the Department of Defense admitted providing combat training to RPA soldiers before the invasion of Zaire. In light of these contradictions and continued allegations of U.S. military on Congolese territory, U.S. Ambassador Bill Richardson has a special responsibility as president of the UN Security Council to push Mr. Kabila and Mr. Kagame for truth-telling regarding the killings. The U.S. government, in turn, should be pressed to fully reveal the past and present role of the U.S. military in Rwanda and Congo.

The UN mission has a daunting task ahead of it and also needs the full support of UN Secretary-General Kofi Annan, who already has caved in once to Mr. Kabila's conditions regarding the mandate and composition of the UN investigation. Mr. Annan must remain steadfast in demanding that an impartial and independent investigation be carried out immediately, from within Congo if Mr. Kabila cooperates, or from outside if he doesn't. He should insist that his team have access to all alleged massacre sites, especially where there have been numerous reports of killings, such as the Mbandaka area, from which the team has been barred. If no massacres occurred, what does Mr. Kabila have to hide?

Kabila is playing cat and mouse with a UN team sent to investigate the massacre of tens of thousands of civilian Hutu refugees.

Mr. Kabila and the international community should insist that Mr. Kagame withdraw his troops from Congolese territory and investigate anyone suspected of killing civilians. Armed Hutu soldiers and militia remaining in Congo must also finally be disarmed and brought to justice.

In the name of stability, many members of the international donor community appear to be ready to get on with business as usual with Mr. Kabila's government and sweep the issue of civilian massacres under the rug. Building a new Congo on the bones and ashes of refugees, however, is a formula for renewed violence and instability in the long run, in Congo as well as in the Great Lakes region. As Congolese throughout the country describe a deep frustration of being "occupied" by foreign troops from Rwanda and elsewhere, violent rebellion and human rights violations as already seen in the east are likely to increase.

One deserted refugee camp site that I visited was home to several thousand people before an attack by members of the RPA and the ADFL, which killed hundreds, according to eyewitnesses. Today, the camp is still strewn with the clothing of the dead, equipment and hundreds of bullet shells; the bodies have been removed.

By blocking the UN mission, Mr. Kabila "the liberator" is making himself an accomplice to these killings. If Mr. Kabila is not willing to have the truth be told, he is missing the first key step in establishing the new democratic Congo he has promised. As head of the new Congolese state, Mr. Kabila has a responsibility to the Congolese people to uphold respect for human rights and to allow the UN mission to move forward.

The writer, a consultant for Human Rights Watch/Africa, contributed this comment to The Washington Post.

At This Rate, Jerusalem Might Not Be Habitable for Anyone

By Thomas L. Friedman

JERUSALEM — The deal concocted to allow 10 Israeli settlers to remain in a building in the Ras al Amoud Arab neighborhood of East Jerusalem is a moral and political fraud (embraced by the Clinton administration) perpetrated by people whose goal is to drive Palestinians out of the city.

This is sad. The issue today is not whether Jerusalem will remain the unified capital of Israel, but whether it will be the habitable capital of Israel. Anyone who has visited Jerusalem lately knows Israel's hold over the city is unchallenged, and I'm glad it is.

Jerusalem was never a more open city to all religions than under Israeli rule after 1967. But that is changing.

Anyone who has visited Jerusalem lately also knows it is increasingly a city of tension precisely because the spirit of openness and compromise is threatened. Palestinians in Jerusalem now live in fear of arbitrary eviction, and secular Israelis feel increasingly alienated by the ultra-Orthodox who now dominate the city council.

Most of all, the city is threatened by its Likud mayor, Ehud Olmert, who sees Jerusalem as the vehicle he can use to replace his rival, Prime Minister Benjamin Netanyahu — by tacitly encouraging Jewish hard-liners in Jerusalem to do things that either embarrass the prime minister or force him to move even further to the right, with Mr. Olmert reaping the credit. (It was Mr. Olmert who snuck out and opened the Western Wall tunnel in the dead of night last September, triggering Israeli-Palestinian clashes that left some 70 people dead.)

Why did the Jewish settlers, who are tacitly supported by Mr. Olmert, choose the Ras al Amoud neighborhood? Simple. Two years ago, Yasser Arafat's deputy, Abu Mazen, and Shimon Peres's deputy, Yossi Beilin, secretly worked out a possible final settlement between Israelis and Palestinians.

In it, they suggested that the Palestinian village of Abu Dis, which lies just over today's municipal boundaries of Jerusalem, might become the Palestinians' administrative capital and be called Al Quds, the Arabic name for Jerusalem. This would give the Palestinians a connection with Jerusalem, while allowing Israelis to argue that the city remained unified under their control — precisely the sort of ambiguous compromise on which the peace of Jerusalem has to be built.

Ras al Amoud is the Arab neighborhood that connects the Old City of Jerusalem, where the Muslim holy sites are located, and Abu Dis. The settlers moved in there to cut off Abu Dis from Jerusalem and make the Abu Mazen-Beilin compromise less attractive or possible.

This comes at a time when Israel has been engaged in a systematic attempt to squeeze Palestinians, and their economy, out of Jerusalem.

One of my oldest friends here, Shoshana Sappir, called me two weeks ago in desperation.

Her family is building a new home in Jewish West Jerusalem. They hired as their builder Abdel Rahman (Aziz) Ibrahim Abu Teir, who was born in Jerusalem on Dec. 12, 1962. Last month, the Israeli Ministry of Interior canceled his Jerusalem identity card (No. 080392244), without which he cannot work or live legally in the city where he was born and where his family has resided for generations. Invoking an old law, the Ministry of Interior says that any Palestinian who has moved the "center of his life" away from Jerusalem for an extended period will lose his ID card.

Mr. Abu Teir's crime was that he left to study civil engineering at London's Queen Mary College from 1984 until he graduated with a bachelor of science degree in 1987. Then he returned to work for his father's construction company, but when business dried up because of the intifada he returned to London to work in construction there, coming back to Jerusalem each summer, always paying municipal taxes on his home while he was away.

Compared with Ehud Olmert, Bibi Netanyahu is Abe Lincoln.

After the Oslo peace, he dissolved his business in London and moved back to Jerusalem with his Palestinian wife and five children, to reopen his business. Shoshana chose him as a builder on the recommendation of Israeli architects.

"Aziz is building my house and my country is throwing him out of his," said Shoshana. "It's rather ironic that Netanyahu, who grew up in America because his own father quit Israel for a long time, would tolerate a policy that strips Palestinians of their right to live in Jerusalem because they went away for a couple of years."

Jerusalem today is becoming just another political symbol to exploit. You have Mr. Olmert, the Marion Barry of Jerusalem, who tries to propel his political career by appealing to the worst, most ethnocentric instincts in the city. (Compared with Mr. Olmert, Bibi Netanyahu is Abe Lincoln.)

You have senators and congressmen, like Joe Lieberman, Jon Kyl and Ben Gilman, who demand that the U.S. Embassy be moved to Jerusalem, no matter what explosions it might trigger, to exploit the issue for Jewish votes. And you have the American bingo magnate Irving Moskowitz, who bankrolled the thrust into Ras al Amoud apparently to salve his guilt for the fact that he is a super-hawkish Israel supporter who prefers to live in the comfort of Miami rather than actually move to Jerusalem.

When these gentlemen get done exploiting the symbolic Jerusalem for all it's worth, they will have sucked all the life out of the living Jerusalem — the Jerusalem where real people, people truly committed to coexistence, like Shoshana and Aziz, are just trying to get through the day in peace.

The New York Times.

The Job for Vietnam's New Leaders: Revivifying the Economy

By Adam Schwarz

WASHINGTON — When Vietnam's National Assembly convened on Saturday for one of its infrequent sessions, delegates understood they would be spending most of their time mulling over people, not laws. The legislature is to vote for a new president, prime minister and cabinet on Thursday, with the new leadership team expected to be younger and better-educated than the one it is replacing.

That's all to the good. But it won't be enough to inject renewed vigor into Vietnam's economic fortunes unless the new leaders can do better than their predecessors in forging a consensus on where Vietnam needs to go, and how to get there.

Worryingly, both for the Vietnamese and the increasingly disgruntled foreign-investor community, there is as yet little evidence to indicate such a consensus is in the offing. Unless one emerges, and reasonably soon, Vietnam will run the real risk of frittering away much of the progress it has achieved in the past half-decade.

According to Hanoi's version of Kremlinologists, a meeting last week of the Central Committee of the Communist Party settled on Phan Van Khai and Tran Duc Luong to become the next prime minister and president, replacing the incumbents Vo Van Kiet and Le Duc Anh.

Mr. Khai, 63, an economist educated in the Soviet Union, is currently a deputy to Mr. Kiet. A well-regarded technocrat, he has been considered a leader of the party's reformist wing since his election to the Politburo in 1991.

How much leverage he will have in carrying out his ideas is unclear, however. Although Mr. Khai hasn't been accused directly of any wrongdoing, he has been plagued by allegations of corruption leveled against members of his family. Some of the more conservative members of the party look askance at Mr. Khai's close ties with international financial institutions and Western investors.

Mr. Luong, 60, another current deputy prime minister, is a geologist by training and also Soviet-educated. His elevation to the presidency is something of a surprise, as it leaves the military shut out from Vietnam's ruling triumvirate.

Relatively little is known of Mr. Luong's economic views. He is believed to be close to Do Muoi, 80, the third member of the triumvirate and general secretary of the Communist Party.

There's a real risk of frittering away the progress of the past half-decade.

Mr. Muoi is seen as a balancing figure between the reformers and the more conservative elements in the security forces and party apparatus.

The changing of the guard was meant to be accomplished at last year's congress of the Communist Party. But after months of factional infighting, the party was unable to agree on replacements for the top three leaders. It is not known if Mr. Muoi will serve out his term, which ends in 2001.

It appears a safer bet, however, that the Messrs. Kiet, Anh and Muoi will all keep their posts in the powerful five-member Standing Board of the Politburo. As such, they are assured continued influence over the reform program known as doi moi.

And, along with the new cabinet, they will not lack for issues in need of immediate attention. Despite official projections to the contrary, Vietnam's economic growth rate this year could fall well short of the 9.3 percent recorded in 1996.

Foreign investor complaints about bureaucratic intransigence, red tape and legal confusion become louder by the month. Rampant corruption erodes the party's legitimacy. Even major donor institutions like the World Bank and International Monetary Fund, after years of looking the other way when Vietnam failed to meet its reform promises, are beginning to attach stricter conditions to their aid programs.

The four state-owned banks are thought to be saddled with massive arrears from the state-enterprise sector and have made only minor progress in drawing new deposits into the system. The Vietnamese currency, the dong, has depreciated slightly in recent months but at a slower rate than in most neighboring countries. That will erode the competitiveness of Vietnamese exports and could lead to renewed balance-of-payments problems down the road.

Allowing the dong to depreciate at a faster rate is probably inevitable, but this, too, will come at a cost. About half the debts held by state-owned enterprises are believed to be in foreign currencies. Any depreciation of the dong will make these debts more onerous to honor.

Indeed, the state enterprise sector poses perhaps the most serious challenge to the new leaders. Although reduced to about 6,000 companies from double that number in the late 1980s, the state sector continues to dominate Vietnamese industry.

Although Vietnamese officials speak often of a level playing field, the reality is that the state firms still enjoy a number of advantages, among them better access to land, credit and trade licenses. While crowding out the private sector, the state firms are doing a poor job in generating new jobs and exports, arguably Vietnam's two greatest requirements.

Frequent promises to reform the sector have failed to make a dent. A program of partial privatization, which the Vietnamese call equitization, was launched in 1994; fewer than a dozen firms have joined to date. That pace is apparently agreeable to a number of party ideologues who remain wedded to the notion of the state's playing the leading role in the economy and who are suspicious of private-sector behavior. Mr. Khai, the presumptive incoming prime minister, is thought to be in favor of shaking up the state sector. In some important respects, Vietnam's near-term prospects hinge on his succeeding in that effort.

He might take comfort in looking north to China, a fellow practitioner of reform socialism. Despite having already made much more progress in creating space for private entrepreneurialism, China appears to have also reached agreement on the urgency of winnowing its own state-enterprise sector further. Vietnam should do the same.

The writer, the Edward R. Murrow press fellow at the Council on Foreign Relations, previously reported from Hanoi for the Far Eastern Economic Review. He contributed this comment to the Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Alaska Salvation

PARIS — During a tour made through Alaska, Mgr. Nicholas met with some unpleasantness on the part of the Alaska Trading Company's agents. For instance, the agents appeared in the church even while the bishop was performing divine service, driving out the male population to work. Americans in general have no consideration for the Orthodox population of Alaska. Hence Mgr. Nicholas thought it right to remind his flock that "Russia in handing over Alaska to the American Government has never withdrawn her protection from its inhabitants, especially in regard to their salvation and spiritual welfare."

1922: Fascist Prelude

ROME — As a prelude to the firm foothold which the Fascisti mean to obtain in Rome, a Fascist contingent seized the Palazzo Rospigliosi, where they intend to establish their headquarters. The Fascisti, who are generally strong Republicans, will make no move against the Monarchy. Signor Benito Mussolini has indicated this in a speech, saying that "the Monarchy is not in opposition to our aims" and that "it is unwise to go against the traditions of the people."

1947: Recovery Plan

PARIS — The sixteen European nations seeking Marshall plan aid adopted their recovery program and dispatched it by special air messenger to Washington. An official summary of their inventory stated that the participating countries and western Germany would require a total of $22,440,000,000 in credits during the four years 1948-1951, it was hoped the Marshall plan would operate.

OPINION/LETTERS

Feelings of the Bereaved Shouldn't Shape Justice

By Brent Staples

NEW YORK — The death of a loved one is painful enough when it comes as no surprise and through natural causes. But a savage act of murder leaves a wound on the survivor's soul. The closer the loved ones, the easier it is to envision their final moments and hear their cries for help.

Learning to shut out these thoughts is a long and mysterious process.

The murder of my younger brother has been a central theme in my writing and day-to-day life for the better part of 15 years. The image of Blake begging for his life as he was shot to death will be with me always.

Until quite recently, bereavement brought a period of reflection. But over the last decade, the solemn activity of mourning has become a raucous and public blood sport. In the television age, anguish only seems real when broadcast over the airwaves. But the U.S. Supreme Court played a role as well, when it ruled that the bereaved — who are now described as "victims" — could testify at murder trials.

The bereaved now hold regular press conferences, as did Ronald Goldman's father almost every day at the O. J. Simpson trial.

Elsewhere, family members leave the courtroom with high fives and fists in the air, as though sentencing someone to death were no more serious than a football game. I understand the depth of the pain and the desperate quest for relief. But the judicial system and courtroom were meant for a different purpose entirely. The bereaved are gradually becoming a permanent victim class, with outsized influence that is endangering the judicial process.

The Supreme Court paved the way in 1991 when it ruled in Payne v. Tennessee that prosecutors in death penalty cases could introduce "victims' impact" statements in court, with survivors testifying about grief and loss. In Justice Antonin Scalia's words, the court overthrew two centuries of case law because of an "outpouring of popular concern for what has come to be known as 'victims' rights.' "

Prior to Payne, the decision to impose the death penalty was ostensibly based on evidence that informed the jury about the character of the crime and the character of the defendant — disallowing evidence that had no bearing on either. In the interest of equal justice, the same, dispassionate standard was to be applied to every crime and to every defendant, whether rich or poor, criminal or upstanding, loved or despised.

Since Payne, the so-called "victims' impact" statements have shifted attention from the pertinent facts to such matters as the victim's stature in the community and the eloquence of the survivors. As Justices John Paul Stevens and Harry Blackmun warned in their dissent, victim testimony would tell juries that some of the murdered dead were more equal than others — and that defendants who killed "important" people were more deserving of execution.

Cast as victims by proxy, the bereaved have changed the nature of capital cases. Now that they are fixtures in court, they are likely to become ever more influential, perhaps even determining the sentences that prosecutors seek.

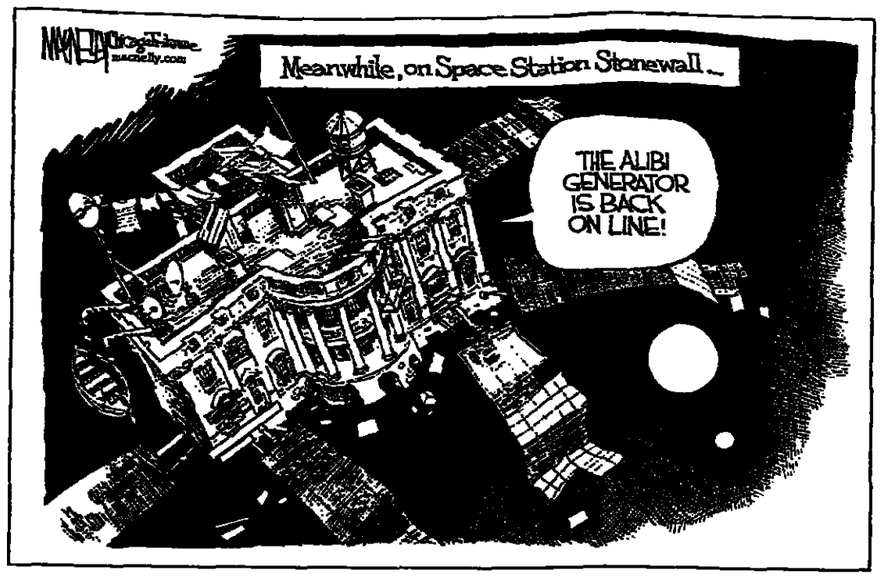
The case that comes to mind is the murder last June of Jonathan Levin, a beloved high school teacher and son of the chairman of Time Warner Inc., Gerald Levin. He was gruesomely murdered in his Manhattan apartment, allegedly by a former student.

The Manhattan district attorney, Robert Morgenthau, is personally opposed to capital punishment, but The New Yorker magazine reported recently that the Levin family was to play a role in whether Mr. Morgenthau seeks the death penalty. This would be disturbing. Whatever the Levins think, the sentiments of a single, private citizen should not dictate the shape of justice.

I cannot see myself as a "victim." My brother's murder continues to be painful, but it invests me with no special insights and should bring no special entitlements. I avoided the murder trial — as did my parents — and would suggest that other survivors consider doing the same.

Healing is a spiritual process for which blood lust and revenge play no useful role. To convince yourself otherwise is to dwell in a place where there is only pain.

The New York Times.



LETTERS TO THE EDITOR

Young Israelis Speak

Regarding "There Can Be No Peace Process Without Respect" (Opinion, Sept. 11) by Edward W. Said:

Mr. Said's conclusion matches mine: The goal of both the Israelis and the Palestinians should be the formation of two independent states. Both peoples deserve to live a good life, side by side, somehow in peace.

TAMAR HABERFELD.

It all boils down to security. As an Israeli citizen, I can never be sure that the next bus I take or mall I go to will not be bombed by terrorists.

KAREN OREN.

If Israel were offered a peace agreement that could ensure its security, it would accept it immediately. The Palestinians' objectives of freedom and independence cannot be achieved without Israel's goal of security.

DANI LESHEM.
Ramat HaSharon, Israel.

The writers are students in Maxine Tsvaigrach's 11th-grade English class at Yigal Allon High School.

Mr. Said wrote, "Two 70-year-old Lebanese men were killed by Israeli planes at the time of the marketplace bombings — why is that not violence or terror?" His question implies a moral equivalence between the two events. But the two men were tragic casualties of a military operation against the Hezbollah forces that bomb Israeli villages.

The Israeli Army may unintentionally kill the innocent or intentionally kill the guilty, but it does not intentionally kill the innocent.

GORAN ANDRIJASEVIC.
Jerusalem.

In Defense of Germans

Regarding "Germans Flock to Sunny Tuscany, a Land Far (in Spirit) From Home" (Aug. 30):

The article uses some pretty strong language to characterize the Germans and their country: the "guttural sounds" of their language, the lack of good food, the "inevitable bad weather" and "the classic fatherland mind-set that is redolent of sausage, beer and oompah bands." Ugh! No wonder they flock to Italy! And who would ever want to go to Germany?

Well, maybe the author should. It seems he's never been. The point of his disparaging article, after all — following the suggestion of Roberto Giardina's book, "Guide to Loving the Germans" — is that Germans who go to Italy, the so-called "Tuscany faction," have a more "modern European perspective" and a "deeper sympathy for foreign cultures" than the older, more traditional Germans who are said to resemble the stereotypes hauled out.

All over the world, Americans are often regarded with suspicion and disdain for their ignorance of foreign languages, and therefore of foreign cultures, traditions and history. Perhaps the author can set a good example. With a little more sympathy and knowledge among Americans about the inhabitants of our planet, maybe there will be hope for the world after all.

ROBERT E. NORTON.
Florence.

The writer is professor of German at Vassar College in Poughkeepsie, New York.

On Fund-Raising

Regarding "Al Gore on the Line: He's No Criminal" (Opinion, Sept. 16) by Anthony Lewis:

We Americans just don't want to see the vice president, the president or any other government official — elected or otherwise — spending his or her time on the job engaging in partisan activities, whether they are legal or not. These officials are elected or appointed to promote the interests and welfare of all U.S. citizens, not just those of their political friends.

WILLIAM H. WAINWRIGHT.
St. Léger-en-Yvelines, France.

When Big Brother Gets Your Number Wrong

By Lynn M. LoPucki

CAMBRIDGE, Massachusetts — A few weeks ago, while I was on a shopping spree at Saks Fifth Avenue, the clerk told me I could get a 10 percent discount by opening a Saks charge account, so I filled out an application.

When I returned to pick up my purchases, the clerks were looking at me askance. My credit had been denied. "Denied? Impossible!" I told them.

The clerks put me on the phone with the credit manager in Dallas, but he wouldn't tell me what the problem was. It would be an infringement of my "privacy" to do so, he said knowingly, implying that I might not be who I claimed to be.

He gave me the phone number for Equifax Inc., one of the two consumer reporting agencies that had trashed me.

The Equifax phone system was entirely automated, so there were no humans to scream at. In response to the instructions, I entered my Social Security number, date of birth, sex, current address and ZIP code. Then the machine told me that I had not entered the correct address, so I could not have a copy of the report. Click.

I found another number for Equifax in the phone book, and I eventually reached a human being. The conversation didn't go much better.

Could I name two of my accounts? I read off the names of every card in my wallet. Not good enough, the woman at Equifax said. She invited me to write for my free copy of the report, but I would have to include a copy of my driver's license, my Social Security card, a bank account statement, a pay stub and the first page of my income tax return.

But now — with a human being on the line — I could scream: "Saks got a copy of my credit report in five minutes with nothing but information they got from me! Why can't I get a copy with the same information?"

"They are a business, sir," she said smugly.

"Have you ever heard of the Harvard Law School?" I screamed. "They are a business. Call them and they will tell you I work here, I am me, and this is my address."

"I'm sorry, sir, that's not the proper procedure."

Eventually, I wangled the names of the complaining creditors from a careless Equifax employee. None of the creditors — nor their collection agencies — had ever sent a bill that reached me. By law, they didn't have to. Just because you've never seen a bill doesn't mean your failure to pay it won't be on your credit report. People generally learn of a bad report only when their credit is denied — while buying a home or car, or renting an apartment — when time is of the essence and they are at the creditors' mercy.

Textbooks on debtor-creditor relations recommend that someone who receives a bad credit report pay the debt, even if he or she does not owe it. But the books also note that paying after discovering you have a bad credit report doesn't make your credit good. And if the creditor takes your money and doesn't correct the report, there's probably nothing you can do about it.

People learn of a bad report only when their credit is denied – when time is of the essence and they are at the creditors' mercy.

I have sent letters to Equifax and Experian Inc., the other service that reported on me, with documentation, pleading for copies of my credit report. I hope one day my credit will be good again, but I don't believe it will.

Equifax hasn't furnished a report because it still doesn't believe that I am me, and Experian says it is "unable to locate a credit profile."

The writer is a visiting professor at Harvard Law School and an adviser to the National Bankruptcy Review Commission's Data Study Project. He contributed this comment to The New York Times.

BOOKS

RACHEL CARSON: Witness for Nature

By Linda Lear. 634 pages. $35. Henry Holt.

Reviewed by Bill McKibben

THE more time passes, the larger Rachel Carson looms. By now "Silent Spring" seems a rare fulcrum point in our history, a work that began to change our very understanding of who we are and what our place in the order of things might be. A few weeks after its publication in the fall of 1963, she told a Washington audience that her mail already showed a change in public attitudes, a willingness to ask questions. People no longer "assumed that someone was looking after things," a sentiment that explains much of the late 20th century in America. The flavor of the world changed when Carson in "Silent Spring" unmasked some of the chemical agents driving Progress, and that can be said of a bare handful of books.

We need, then, a definitive biography of Carson in order to understand how and why she drew back her bow and let fly. Linda Lear, a professor of environmental history at George Washington University, provides us with such a book — competent, careful, comprehensive. If it is not perfect, if it fails to quite explain how Carson made the leap to a kind of radicalism in "Silent Spring," this is because Lear is a modest and earthbound biographer.

Carson, born in a small Pennsylvania river town at the turn of the century, was years younger than her brother and sister. She spent a lot of time alone, wandering the woods and fields, which is the clichéd-but-true beginning to the life story of nearly every naturalist I know. Her famous reserve came partly from the isolation of her childhood, partly from the shame of a failed-middle-class kind of poverty and partly from the constant, almost smothering, attention of her mother, who followed her even to college, arriving almost every weekend to sit on the bed, eat cookies, and chat. Pennsylvania College for Women offered Carson mentors both for writing and biology; it was science that grabbed her first, leading her to Woods Hole Marine Biological Laboratory and then to Johns Hopkins, where she earned a master's in zoology. The Depression and her sex made an academic career unlikely, so she went to work instead for the government, editing and writing pamphlets for the Fish and Wildlife Service of the Interior Department.

Those pamphlets turned into feature articles for newspapers and magazines and finally, after many years, into "The Sea Around Us" and "The Edge of the Sea," which were published to great success in the 1950s. "The Sea Around Us," which offered most people their first real glimpse beneath the ocean's surface, spent 32 weeks atop the best-seller list, and "The Edge of the Sea" joined it in the top 10 immediately upon publication.

But had she stopped with those books, Carson would have faded away by now, like Edwin Way Teale or Donald Culross Peattie, other specimens of the beloved middlebrow naturalist who have left few traces on the culture. Instead, she almost by accident began stumbling across new studies being done on the pesticides that had emerged during and after World War II and were now being sprayed by airplanes and tanker trucks the length and breadth of the nation. Working amid the distractions of her literary fame and of a metastasizing cancer, she somehow compiled this collection of obscure data into "Silent Spring," which she originally intended to title "Man Against the Earth."

Its three-part publication in The New Yorker set off a storm that occupied the last few years of Carson's life. The chemical companies reacted with expensive fury, but President John F. Kennedy and Interior Secretary Stewart L. Udall helped ensure that her work would lead to the first Clean Water Act. Carson, Lear reminds us, was not really equipped for such battles, but she rose to the occasion, staunch and eloquent in public, though in private she leaned hard on her few close friends.

The particular environmental crusade begun by Carson, the fight against toxic pollutants, shows signs of final triumph — President Bill Clinton's recent decision to back new EPA standards on clean air is the direct descendant of the legislation passed in the aftermath of "Silent Spring."

Bill McKibben, the author of "The End of Nature" and, most recently, of "Hope, Human and Wild," wrote this for The Washington Post.

CHESS

By Robert Byrne

ALEX Yermolinsky beat George Kramer in the final of the United States Open. Against the Queen's Indian Defense, Petrosian's 4 a3 Bb7 5 Nc3, enables White to take the effective c3 square for his knight without allowing a pin with ...Bb4.

The idea underlying 8 Qa4 is to elicit 8...Qd7, when 9 Qd7 Nbd7 10 Nb5 will force Black into an awkward protection of his c7 pawn. Perhaps the best black move is 8...c6, although White has achieved the objective of cutting the b7 bishop off from helping to control the e4 square. Kramer's choice, 8...Bc6 consumes a tempo, after 9 Qc2 O-O 10 Bg2, with 10...Bb7, to get his bishop correctly resituated, while Yermolinsky's 9 Qc2 cleared a square for his 12 Rd1.

After 12 Rd1, Kramer could not aim for counterplay with 12...c5 because 13 dc bc 14 Nh4 Nb6 15 Nf5 Re8 16 Bg5 Bf8 17 Bf6 gf 18 Ne3 Re5 19 Ned5 Nd5 20 Nd5 Bd5 21 e4 gains material and positional superiority for Yermolinsky.

After 15 Bf4, Yermolinsky had such an advantage in mobility that Kramer resorted to 15...Ne5 16 de, but after 16...g6 17 Qh3 Nh5 18 Bh6 Re8 19 f4, the white kingside pawn majority was more dangerous than its black counterpart on the other wing.

Kramer's attempt to break the white center with 20...f6 was countered by Yermolinsky's 21 e4 fe 22 ed, but after 22...cd, the right capture would have been 23 Bd5! Bd5 24 Rd5 Qc7 25 fe with an extra pawn for White. Instead, Yermolinsky chose 23 Nd5?!, which was sharply met by Kramer's 23...Bd4!

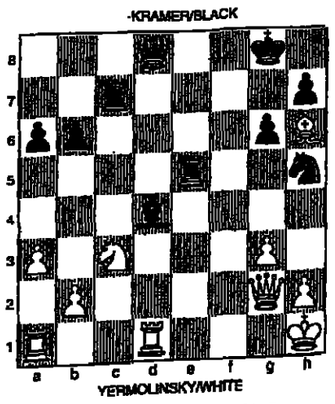
After 24...Bg2 25 Qg2, Kramer erred with 25...Rc7?, when he could have played 25...Qe7!? and probably held the game.

After the second black rook left the first rank with 26...Re5, Yermolinsky sprang into action with 27 Ne2!, and on 27...Rd7?, he penetrated to the eighth rank with 28 Rd4 Rd4 29 Nd4 Qd4 30 Qa8. Kramer had missed his last chance to fight, 27...Rc2!? 28 Rd4 Qe8, although Yermolinsky would have had the upper hand following 29 Re1 Re2 30 Re2 Re2 31 Qd5 Qf7 32 Qd8 Re8 33 Kg1!

On 32 Qe8, running with 32...Kf5 fails against 33 Qc8 Ke4 34 Qg4 Kd5 35 Qd7 Ke4 36 Re1 Kf3 37 Rf1 Ke4 38 Qd4 Kd4 39 g4, winning a piece.

Kramer's 32...Kd5 could not escape Yermolinsky's process, but merely shortened it by two moves. After 37 g4, Kramer gave up.

KRAMER/BLACK

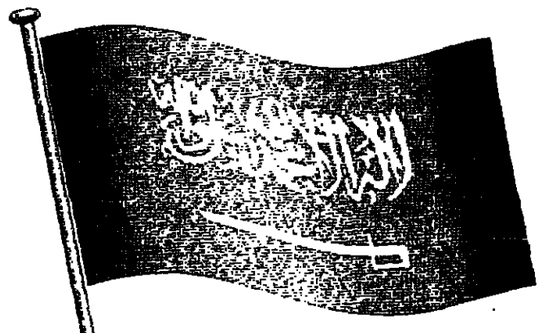


YERMOLINSKY/WHITE

Position after 26 . . . Re5

QUEEN'S INDIAN DEFENSE

White Yer'sky	Black Kramer	White Yer'sky	Black Kramer
1 d4	Nf6	19 f4	Bc5
2 c4	e6	20 Kh1	f6
3 Nf3	b6	21 e4	fe
4 a3	Bb7	22 ed	cd
5 Nc3	d5	23 Nd5	Bd4
6 cd	ed	24 Nc3	Bg2
7 g3	Be7	25 Qg2	Rc7
8 Qa4	Bc6	26 fe	Re5
9 Qc2	0-0	27 Ne2	Rd7
10 Bg2	Bb7	28 Rd4	Rd4
11 0-0	Nbd7	29 Nd4	Qd4
12 Rd1	a6	30 Qa8	Kf7
13 Ne5	Rc8	31 Qf8	Ke6
14 Qf5	c5	32 Qe8	Kd5
15 Bf4	Ne5	33 Qd7	Ke4
16 de	g6	34 Re1	Kf3
17 Qh3	Nh5	35 Rf1	Ke4
18 Bh6	Re8	36 Qd4	Kd4
		37 g4	Resigns

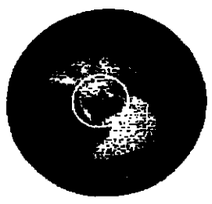


23rd September 1997

National Day of the Kingdom of Saudi Arabia

In the last twenty six years, the Kingdom of Saudi Arabia has, with the help of God, successfully undertaken a development programme of unique dimensions, expanding its industrial base and providing its people with free healthcare, free education to university level and a range of other welfare benefits.

	1970	1996
ECONOMIC RESOURCES		
Licensed factories	199	2,303
Megawatts of electricity generated	344	17,530,000
Land suitable for agriculture in hectares	500,000	1,500,000
Desalination capacity in millions of gallons	5	502
HUMAN DEVELOPMENT		
Pupils in schools	600,000	3,300,000
Students in higher education	8,000	170,000
Students in centres of professional training	578	10,000
HEALTH		
Hospitals	74	279
Primary healthcare centres	591	3,254



In addition, the Kingdom has provided an unprecedented annual average of 5.5% of its gross national product in financial assistance to more than 70 other countries in the Islamic world and beyond.

For further information, contact; Ministry of Information, PO Box 570, Riyadh 11161

Clinton, at UN, Vows to Seek Approval for Test Ban Treaty

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Bill Clinton said Monday that he would immediately ask the Senate to ratify the Comprehensive Test Ban Treaty, which he called "the longest sought, hardest fought prize in arms control."

Arms-control specialists welcomed Mr. Clinton's call, saying it would increase pressure on other nations that have nuclear weapons to proceed with ratification.

In a speech to the opening session of the United Nations General Assembly, Mr. Clinton also called for the creation, before the end of the century, of a permanent international court to "prosecute the most serious violations of humanitarian law."

He also promised that after years in arrears, the United States would pay nearly $1 billion in back dues to the United Nations. He praised the broadcasting magnate Ted Turner for his recent pledge of $1 billion to the international organization.

Finally, Mr. Clinton said that the United States would promote an expansion of the UN Security Council to better reflect changing international realities. The administration has said that Germany and Japan should be included among the permanent members of the council, and has said that three other seats should be added on a rotating basis.

The president's decision to use the UN speech as a platform from which to seek Senate ratification of the test ban treaty, which he had signed a year ago at the United Nations, was welcomed in arms-control circles.

Spurgeon Keeny, president of the Arms Control Association, said that Mr. Clinton's announcement was a "timely move to send this forward."

Mr. Keeny, a former deputy director of the U.S. Arms Control and Disarmament Agency, said that the issue of a comprehensive ban had not fully captured senators' attention. But he added that "after some stormy and extensive debate, I think it will pass."

Mr. Clinton called the test ban treaty "our commitment to end all nuclear tests for all time, the longest sought, hardest fought prize in the history of arms control."

"It will help to prevent the nuclear powers from developing more advanced and more dangerous weapons," he said. "It will limit the possibilities for other states to acquire such devices."

Mr. Clinton was the first world leader to sign the treaty. Representatives of the other four major nuclear powers also signed it last year at the UN.

He had delayed sending it to the Senate in part to build support for the measure, and in part because the Senate was occupied with other arms-control issues, including ratification of the Chemical Weapons Convention.

A test ban has long faced substantial opposition in Congress, particularly by Republicans.

But Mr. Keeny noted that the treaty had gained two influential advocates: the U.S. military, and the weapons laboratories that contract with the Energy Department to test nuclear weapons and their components for continued reliability.

Mr. Keeny said the Senate debate was "certainly not going to be a walkover," but he predicted the treaty would ultimately receive the two-thirds majority required for ratification.

The General Assembly adopted the treaty last year, and 146 nations have signed it. But only a handful have ratified it, and none of the five major nuclear weapons states have done so.

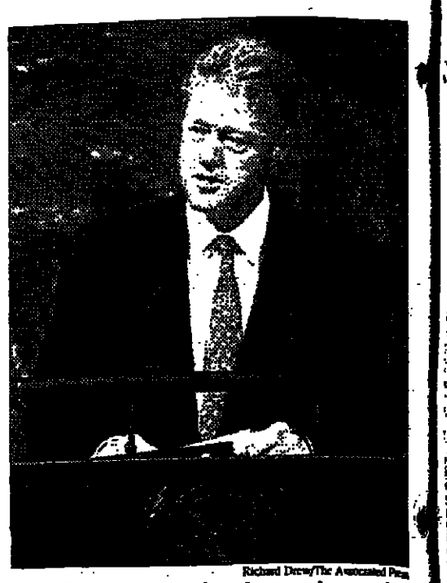
Mr. Clinton's announcement will increase pressure on India, which has said it will not sign the treaty but which, along with 43 other actual or potential nuclear powers, has the ability to block it. The president was to meet Prime Minister Inder Kumar Gujral later in the day.

All countries are believed to have observed a moratorium on testing since July 29, 1996, when China tested a nuclear device. Before that, the last explosion was by France, on Jan. 27, 1996.

Mr. Clinton urged all nations to put the treaty into force as soon as possible.

He also called for an expansion of the Security Council, which now has five permanent and 10 rotating members.

On Friday, Secretary of State Madeleine Albright had indicated her support for proposals to give Germany and Japan permanent seats, and to add one rotating seat each for Latin America, Africa and Asia.



Richard Drew/The Associated Press

Mr. Clinton addressing the opening session of the UN General Assembly on Monday.

Yeltsin and Religion

Gore Appeals Against a Russian Curb

By David Hoffman
Washington Post Service

MOSCOW — Vice President Al Gore urged the Kremlin on Monday to reject a revised bill restricting minority religions that has drawn protests from the West.

But a top Russian official said that President Boris Yeltsin supported the legislation.

Mr. Gore made his appeal in a meeting with Prime Minister Viktor Chernomyrdin, opening two days of talks on space exploration, the economy and nuclear nonproliferation issues. Mr. Gore said the revised religion legislation was just as objectionable as a version that Mr. Yeltsin vetoed on July 22 on grounds it was unconstitutional.

The legislation, approved by the lower house of the Russian Parliament last week, would designate Russian Orthodoxy, Islam, Judaism, Buddhism and Christianity as traditional religions, but create a separate, more restrictive legal status for many minority faiths.

It would limit the practices and operations of those religions, sects and faiths that have not had a presence in Russia for at least 15 years, which would include most that have come to Russia since the collapse of the Soviet Union.

These minority religions would be prohibited, for example, from importing or distributing literature, and in some cases would be forced to reapply for official registration every year, a time-consuming process.

The legislation was pushed by the Russian Orthodox Church, which has felt threatened by proselytizing by other religions, cults and sects.

The bill is expected this week to reach the upper chamber of Parliament, the Federation Council. In July, the Senate threatened to cut off all aid to Russia if Mr. Yeltsin signed the earlier version.

Boris Nemtsov, first deputy prime minister, said in an interview over the weekend that he also recommended that Mr. Yeltsin veto the bill.

"I think we could live quite well without that legislation," he said. "We have a constitution that says everybody is equal, those who believe in God, and those who don't. And I think that's sufficient."

Critics say the new draft is just as restrictive as the one that Mr. Yeltsin vetoed.

Ruslan Orekhov, head of the Kremlin's main state-judicial directorate, told the Itar-Tass news agency that the law does not contradict the Russian Constitution. The 1993 constitution states that religions "shall be equal before the law."

According to Mr. Gore, the U.S. and Russian experts disagreed over legal interpretations of the law and he and the prime minister asked them to clarify their views. Mr. Gore said he hoped to be able to make some progress in influencing the Russians.

On a separate topic, Mr. Gore said he and Mr. Chernomyrdin, meeting at a resort south of Moscow, had discussed American and Israeli complaints that Russia is allowing materials for weapons of mass destruction and missile technology to reach Iran.

Russia is building a nuclear power plant in Iran, but has denied that it is sending nuclear weapons or missile technology to the Iranians.

President Bill Clinton appointed Frank Wisner, a senior career diplomat, to look into the issue, and Mr. Wisner reported his findings to Mr. Gore and Mr. Chernomyrdin, accompanied by Yuri Koptyev, head of the Russian Space Agency.

Mr. Gore said the report had brought "new information" to light but that the issue was "extremely sensitive."

Gregory Bull/ Reuters

Tipper Gore, in Moscow, visiting Monday with children at a school.

2 Israeli Embassy Guards Are Wounded in Amman

Compiled by Our Staff From Dispatches

AMMAN, Jordan — A gunman shot and wounded two Israeli Embassy security guards Monday in a residential area of Amman, in the first attack on Israelis in the Jordanian capital since the two countries signed a peace treaty three years ago.

Israeli Embassy officials said the two men were lightly wounded and had been treated in Jordanian hospitals. One was operated on to remove bullets from his legs.

The Jordanian government issued a statement condemning the attack as a "cowardly terrorist act," and a senior Jordanian official said a number of people had been taken in for questioning.

The attack occurred about 8 A.M. in the Deir Ghbar district of Amman, where the U.S. Embassy and the residences of several Israeli diplomats are situated.

The Jordanian minister of state for information, Samir Motaweh, said the unidentified gunmen fired from a car at another car that was taking the two Israelis to the embassy in the Jebel Amman area.

The shooting occurred several kilometers from the embassy, he said, adding that the assailants, "appear to have been monitoring the movements of their victims."

A senior Jordanian official said the two Israelis, Moshe Levine, 27, and Ikham Khadar, 24, both received minor injuries.

The attackers, who apparently were Jordanians, then sped away, and Jordanian police began a search for them, another security official said.

A Jordanian government statement, broadcast later on state television, said the Israelis fired at the attackers' Hyundai, wounding at least one man in the car and smashing its rear window.

The early morning ambush was the first reported shooting of Israeli officials in Jordan since the peace signing, but it followed a number of attacks on Israeli tourists and property this year.

A previously unknown group calling itself the Islamic Resistance in Jordan claimed responsibility for the attack.

The group said in a statement sent to news agencies in Beirut, which could not immediately be authenticated, that the attack was a "reaction to what the Zionist enemy has done against our people in Jordan, Palestine and Lebanon."

The statement also called for the release of Ahmed Daqamsa, a Jordanian soldier jailed for life for killing seven Israeli schoolgirls at a border site last March. *(AP, AFP, Reuters)*

PLAY:

Work-Shy on the Web

Continued from Page 1

with and you really do think of as yours. But the reality is: It isn't."

Management America is viewing with alarm the time-wasting potential of its high-tech tools. And as employers clamp down, a tug-of-war with employees over the management of their time and work is shaping up in a new form.

The fight has reached Capitol Hill. Senator Lauch Faircloth, Republican of North Carolina, became so incensed earlier this year when he saw members of his staff playing games on their office PCs that he responded with an amendment to a pending appropriations bill. The measure would require federal agencies to remove any games currently installed on their computers and prohibit the purchase of new machines with games preloaded.

The Senate has unanimously approved the amendment, and a joint House and Senate committee must now decide whether to include it in the final version of the bill.

It would be a law too far, in the view of Cory Tusar, a 22-year-old computer programmer for the Environmental Protection Agency. Mr. Tusar, whose supervisor deems him "one of the most productive employees in this whole office," has been known to use his lunch break to play Quake, a popular Internet game in which the goal is to blow away an opponent in some other corner of the network.

"I've been known to stretch it by 15 minutes — or more," Mr. Tusar said of his lunch-hour computer carnage. "But then I work longer hours."

The heightened concern by both public and private employers about PC usage is due largely to the advent of the World Wide Web, a looking-glass world just beyond the computer screen that employees fall into with great regularity.

Workers with Web access typically spend 5 to 10 hours a week to send personal e-mail or search for information not specifically related to their jobs, according to employer estimates. Popular entertainment sites, such as ESPN's Sport Zone, where visitors can check sports scores, and Sony Corp.'s, where they can play "Jeopardy," sustain heavy traffic during the work day. As everything from CDs to cars go on sale over the Web, meanwhile, some employees are also spending more time shopping on-line.

To rein in such digital dalliances, employers are experimenting with new technology, using software programs like the aptly named "Little Brother" that allow managers to track which sites employees visit on the Web. Some are installing stripped-down computers that prevent users from loading their own games, screen savers or other personal touches. Then there's the software package "Antigame," which scans a PC network for offending amusements and zaps them.

Nearly two-thirds of employees in medium and large companies in the United States now have access to the Internet, the global computer network, compared with 15 percent only two years ago, according to a sampling of 500 companies surveyed by IDC Corp., a research firm based in Framingham, Massachusetts.

"We're here for business purposes, not for individual entertainment," said Jim Kinney, chief information officer at Kraft Foods, which recently installed an automated system that prevents employees from visiting World Wide Web sites unrelated to their jobs.

Ex-Aide Fears Russia Lost Nuclear Arms

Reuters

MOSCOW — President Boris Yeltsin's former environmental safety adviser said in remarks published Monday that some of Russia's portable nuclear bombs might indeed be missing, as asserted by another former Yeltsin aide.

"The statement by Alexander Lebed concerning suitcases with nuclear bombs is definitely not groundless," the former adviser, Alexei Yablokov, wrote in a letter to Novaya Gazeta weekly.

The letter was written Sept. 9, a few days after Mr. Lebed, the former presidential security adviser, told the CBS News "60 Minutes" program that the Russian military had lost track of some of its nuclear weapons.

He mentioned more than 100 suitcase-sized nuclear bombs, any one of which could kill up to 100,000 people.

Defense Minister Igor Sergeyev insisted Monday that Russia's nuclear arsenal was under firm control.

"There are no concerns over this issue," Interfax news agency quoted him as saying. "The nuclear weapons are under permanent control."

The minister appeared to be making a general remark and did not mention Mr. Yablokov or Mr. Lebed.

Nuclear experts with international research organizations said in the past that Russia had strict control over its military nuclear sites and that they viewed nuclear bomb and missile theft as extremely unlikely.

But they said there had been cases of theft of nuclear materials from power plants and scientific laboratories.

Mr. Yablokov said the military might simply have no record of some of the portable nuclear bombs, which he said were made in the 1970s for the Soviet KGB for "terrorist purposes."

"These nuclear charges were not registered by the Defense Ministry and as a result could have been dropped from the list of nuclear devices under international disarmament negotiations," Mr. Yablokov said.

Polish Coalition-Builder Stands for God and NATO

By Jane Perlez
New York Times Service

WARSAW — Marian Krzaklewski, who rebuilt the Solidarity coalition that unexpectedly routed the former Communists in Poland's parliamentary elections, is a conviction politician.

He believes the Roman Catholic Church should be allowed a prominent place in Polish society. The top item in his 21-point agenda for Poland is a "pro-family" social policy to help mothers with young children.

But the 47-year-old computer scientist also believes that Poland must forge ahead with its invitation to join NATO and that membership in the European Union, if approached carefully, is acceptable.

A national newspaper asked on Monday morning: Which is the true Marian Krzaklewski? The one who voices reasonable opinions about Poland's economic and foreign policies to foreigners? Or the one who thunders that those who disagree with him on the need for having God written into the constitution are Bolsheviks?

Whatever the answer, Mr. Krzaklewski's painstaking work over the last four years — crisscrossing Poland and forming voter lists, choosing candidates, forging a coalition — paid off with a remarkable upset in parliamentary elections that were expected to end with a fractured result.

Instead, politicians were talking Monday of the humiliating rout of the former Communists who have governed Poland for the last four years and whose president, Aleksander Kwasniewski, remains popular after two years in office.

"Krzaklewski probably believes Solidarity won because of his radicalism," said Marek Matraszek, the director of CEC Government Relations, a lobbying group in Warsaw. "But I think he won because he brought a broad coalition together. It consisted of the young and the old, the economically prosperous as well as threatened miners. It was a real cross section." Women also voted for Solidarity, which favors restricting the liberal abortion law, in higher numbers than expected.

The connecting thread, Mr. Matraszek said, was the anti-Communist sentiment of the voters for Solidarity.

Four years ago, these right of center voters spread their votes over a group of small parties, which because they failed to reach more than 5 percent of the overall vote, were not represented in the last Parliament. By bringing more than 30 small parties and union groupings under the umbrella of Solidarity Election Action, Mr. Krzaklewski was able to unite into one party the anti-Communist feelings across Poland.

Although the former Communists tried to reshape themselves into European style Social Democrats and renamed their party the Democratic Left Alliance, their efforts at dumping their Communist past and projecting modernity were not convincing.

In a buoyant economy with nearly 6 percent annual growth in the last three years, the former Communists were able to increase their vote of 20 percent four years ago by only 6 percentage points, according to incomplete tallies Monday.

These results also showed that the expected parliamentary coalition of Solidarity and Freedom Union, a centrist party headed by the free-market economist Leszek Balcerowicz, would have a sizable majority.

Fairly typical of the attitudes toward the Left Alliance by Solidarity voters on Sunday were those of a taxi driver, Krzysztof Wicewicz.

As he emerged from his polling place in Warsaw on Sunday, Mr. Wicewicz said: "I voted for Solidarity because they are against what the left is doing. Anyway I have a piece of land that was taken from my family in 1947 and the left doesn't want to give it back to us."

In contrast, he said, Solidarity was in favor of restitution.

Mr. Krzaklewski has stated that he does not plan to become prime minister, a post that could easily be his if he wanted it. Rather, he has said, he plans to run his party's parliamentary caucus, apparently with the idea of running for president against Mr. Kwasniewski in three years.

So Monday, Mr. Krzaklewski had to set about choosing a prime minister. For foreign investors and centrist voters in the Freedom Union, the logical choice would be Leszek Balcerowicz, the finance minister who introduced tough economic reforms in 1990 and is now the leader of Freedom Union.

Mr. Balcerowicz, who favors fast completion of the privatization process and decentralization of the government, would reassure Poland's foreign investors. But Mr. Krzaklewski and Mr. Balcerowicz, who have said rough things about each other in the past, are well known for not getting along. Asked who would be prime minister, Mr. Krzaklewski's spokesman Tomasz Tywonek, said Monday: "Only Marian knows."

POLAND: *Solidarity's Victory Was Result of Well-Run Campaign and Voter Canvassing*

Continued from Page 1

Perhaps more important for their own survival, Solidarity politicians stopped the internal spats that had driven them apart in the past.

In turn, they recaptured their sense of purpose in this eight-year-old democracy, and they stoked voter interest in the future and formation of democracy in Poland.

"The campaigns were well mobilized," said Lena Kolarska-Bobinska, director of the Institute of Public Affairs, an independent think tank. "And people came to vote in much higher numbers than before."

She said Poles "didn't mind the idea of post-Communists in Parliament when there was a clear pluralistic society." But she said since 1995, when the former Communist, Aleksander Kwasniewski, won the presidency, "there's been a reminder of the days of one-party rule."

The results of the election brought Polish politics another step closer to normal Western life.

The campaign in Eastern Europe's largest former Communist country was remarkably calm by Polish standards. Church leaders in this overwhelmingly Roman Catholic country played a quiet, more circumspect role than ever. Coarse slogans, including anti-Semitic whispers that had cropped up in previous campaigns, were nonexistent.

Whether the winners can hold onto this critical unity — in this next government-forming stage — is all part of the waiting game. The new Parliament is set to convene Oct. 20, and the president has two weeks to nominate the prime minister.

The man who led the Solidarity movement to triumph will be an integral part of the negotiations — and may hold the key to forming a stable government that could last into the 21st century.

Marian Krzaklewski, 47, the trade union leader who has headed Solidarity since Lech Walesa was elected president in 1990. His learning curve has been steep. In 1993, Mr. Krazaklewksi overplayed his hand in a parliamentary dispute that set the stage for Solidarity's defeat to the former Communists.

Mr. Krzaklewski clearly absorbed the jolt of where political talk can lead. But he remains a well-spoken firebrand who, in the months leading up to the election, rarely shied from controversy or his Catholic convictions. On Monday, he openly chastised members of the Freedom Union — Solidarity's most obvious coalition partner — for voting for a long-awaited constitution that he called "godless" in part because it did not ban abortion.

He has suggested, depending on the number of seats his bloc takes into Parliament, that Solidarity could try to rule as a minority government. He said a coalition could be possible only with parties that fell in line with Solidarity demands — and he made no promises about the Freedom Union, which financial markets have clearly favored.

MIR: *Computer Blows Again, Days Before the Atlantis Docking*

Continued from Page 1

There is a danger that the computer could break down when Atlantis tries to dock; a computer problem led to a crash between Mir and a supply craft in June.

The main Mir computer dates from 1980. For the first time Monday, Russian space officials acknowledged that there was no backup computer. The second computer aboard, a 1970s model, controls only the firing of jets to reposition Mir.

Shortly after the latest breakdown, the Mir crew also noticed a brown liquid leaking outside but could not identify it or say what it might signify.

"We have an observation we don't understand at all," Mr. Solovyov told mission control. "When we were monitoring the turning of the ship, we saw some brown drops coming from it."

Mr. Vinogradov then said, "The drops were fanning out for a long time and then stopped."

On the ground, Mr. Blagov said pressure in the vehicle and engines had been checked and no leakage had been found.

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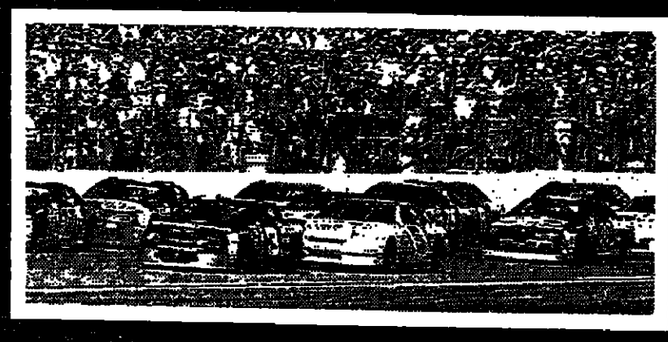

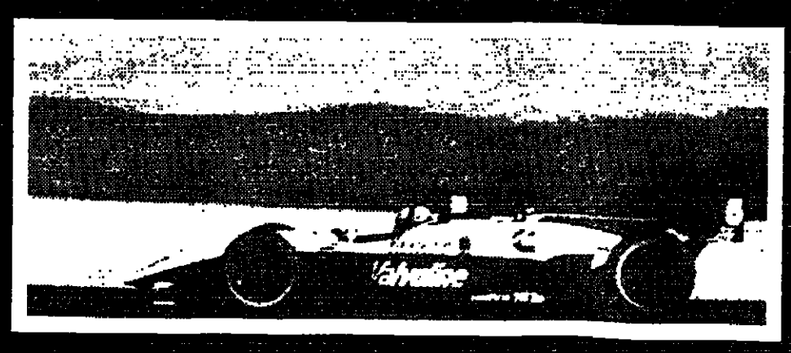

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Style

TOMORROW: STAGE

Now Warming Up To the 'Asiatropics'

Singapore as a Fashion Hub

By Suzy Menkes
International Herald Tribune

SINGAPORE — Outside on Orchard Road, it was as hot as Hades. But behind the glacial plate-glass window, a mannequin was muffled in a russet tweed suit and shawl. "Warm up to autumn," read the sales blurb.

With shopping malls full of Western designer clothes reflecting fashion's four seasons, Singapore launched last week an imaginative new venture: "Asiatropic" fashion.

That means a new style appropriate to equatorial countries where Vivaldi's music could never conjure up a snowflake, a primrose or a falling leaf. Imagine seasonless clothes — lightweight, fluid in shape and in colors and textures that express the allure of the East.

Culture as well as climate is part of the tropical concept. And with Pacific Rim cooking and feng shui in the home all the rage in the West, why shouldn't Asia's designers offer fashion from its compass-point of view?

"All the fashion capitals are 45 degrees north of the equator — below 20 degrees there is nothing — so theoretically, it is a good idea for us to develop a unique style," said Alan Koh, chairman of the Fashion Connections Singapore organizing committee. The three-day fest included a trade show and a designer contest among Southeast Asian countries.

The idea is to make Singapore a fashion hub — not quite the Paris of the Orient, but rather a marketplace for the 400 million people in the countries of the Association of South East Asian Nations. Stephen Lee, the chairman of the Singapore Trade Development Board, calls it "a gateway to the burgeoning Asian market." The currency typhoon blowing through the area proves the wisdom of creating a regional trading unit.

What do countries washed by the South Seas have in common? Designers from Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam — with India making a guest appearance — all displayed a passion for textiles and texture. And instead of the cutting and sewing of Western design, they favor wraps and drapes to create a slender silhouette.

THAT might mean a Chinese cheongsam, cropped to a bare-midriff top; or just easy tunic and pants with rugged surfaces and tribal symbols. Colors can be earthy and spicy, or serene shades of sea green and blue. Vibrant patterns can be inspired by wickerwork, traditional batik or a temple frieze.

But while chinoiserie is currently hot in the West, designers digging down to their Asian roots can seem "ethnic."

"The fashion becomes regional costume in Western eyes — and if you want to play in a major arena, you have to understand the wider market," said Inno Sotto, a Philippine designer whose subtly draped clothes in silky jersey, accessorized with metal bands like curved blades, caught the perfume of Asia in a contemporary way.

For Professor Asha Baxi, from India's National Institute of Fashion Technology, Europeans know instinctively "what to pull out of a culture."

The challenge for designers looking for an Asian identity is to balance ethnic and modern.

For the established Singapore companies at the Fashion Connections trade show, the Asian element meant commercial items like an embroidered bag or a Mao-collar blouse.

But at the fashion schools, which held a runway contest, students are beginning to tap into their ethnic cultures. That confidence probably comes from the fact that they are in demand — with faxes from prospective employers on display at the LaSalle College. "When they first start, they say they are sick of Chinese — but when they see European designers inspired by this part of the world, they are much more comfortable with their roots," says Jane O'Connell, principal of LaSalle, which offered a scholarship to the winner of the Young Designer Contest.

At the Nanyang Academy of Fine Arts, the course is so popular that there is a twice-yearly intake from the ASEAN region (with other foreign students from China and even Russia). Evangeline Tang, the academy head, says she tries to encourage Asian ideas by taking a theme like "Bird of Paradise" or "Chinese Dragon."

A LINCHPIN of Asian style is craftsmanship — exemplified by Biyan, a leading Indonesian designer, who showed layered evening outfits with a moonshine shimmer of tiny beads. A graduate of the London College of Fashion, he set up business 13 years ago.

"Asia has a big industrial base as well as cottage industries: hand-painted and woven fabrics and lots of craftsmanship," he says. "But it doesn't have the proper synergy yet."

Is it too early to talk of an Asian or tropical style? For the fashion consultant Pat Chan, it would be a mistake for the different Asian countries, with so many disparate cultures, histories and tastes, to try to speak "with one voice."

Koh believes that after the period of rapid expansion, in which Asian aspirations were to emulate the West, designers should now be ready to rediscover an Asian fashion identity. That would be a blow to Western luxury labels, for whom Asia is a lucrative and expanding market.

"This is just the beginning of a process of Asians beginning to understand themselves," says Koh. "We have to create a situation of want. Could there be a unique Asian tropical style? Is there a demand? And if not, how do you create one?"

That is indeed the question. For at a fund-raising Versace gala that was a centerpiece of the Fashion Connections event, the elegantly dressed women were inevitably dressed in fashion's international little black dress.

Yet Asian dress is still worn in society, according to Tina Tan-Leo of The Link, the fashion consortium that opened a new Versace boutique in Singapore last week.

"A lot of Oriental women are proud to wear something Chinese," she said. "I wear a cheongsam — but in a new way, split both sides over pants."

Singapore, with spices and peacock feathers in its Indian market, an Aladdin's cave of fabrics on Arab Street, its shop-houses in Chinatown and its Malay culture, seems well-placed to create a modern Asian style. It might even flower by the time the annual Fashion Connections celebrates its 10th anniversary in 1998.

"The whole concept of Asian design is fluid," says Koh. "We need to adapt and adopt — to create a compromise between Western fashion and our own culture."

Jonathan Drake

Clockwise from top left: Winning young designers Jonathan Seow of Singapore, Cynthia Teo of Malaysia and Ngo Thai Uyen of Vietnam, and creation in wickerwork print by Teera Chantaswat of Thailand; designer fashions by Inno Sotto and Biyan on show at Singapore's Fashion Connection.

Kai-Yin Lo's Environmental Designs

International Herald Tribune

HONG KONG — With the thick smog or so-called "haze" sounding an alarm call for Asia's environment, the jeweler Kai-Yin Lo has come up with a timely project.

She has used her creative skills to support the World Wide Fund for Nature. On Oct. 1, the WWF is launching a collection of jewelry that is designed both to raise consciousness and to celebrate the elements that make up a threatened environment.

"The creative arts need a healthy, natural environment in which to thrive," says Kai-Yin Lo, who is concerned by Hong Kong's pollution.

The most emblematic symbol in her WWF collection is a silver dolphin, its fluid lines and watery gemstone encompassing both the endangered Chinese white dolphin and the rest of marine life.

Because she wanted to take the focus away from wildlife and focus on the wider issues, the designs are often abstract: a stylized leaf in 18-karat gold to represent flora; a Brancusi-like silver sculpture suggesting a bird in flight, and a flame of energy leaping from a circular cosmic core. But animal lovers will also find WWF's signature panda in sterling silver.

Suzy Menkes

Dolphin in sterling silver.

CROSSWORD

ACROSS
1 Catherine who survived Henry VIII
5 Eden dweller
9 ——-ski
14 Theater award
15 Timber wolf
16 Fit to be tied
17 Dieter's credo?
18 One of Lear's daughters
20 French farewell
21 Program airing
23 State of high alarm
28 Praiseful poem
27 Dieter's credo?
32 Pitcher's pride
35 First name in scat
36 Flood embankment
37 Hi-jinks in a stolen car
40 Determines limits in advance
42 Had title to
43 Regarding
45 Realize
46 Dieter's credo?
50 Calamity
51 Comic musical work
55 Mt. Rainier's site, with "the"
59 "—— Pretty" (song for Maria)
60 Anticipate
61 Dieter's credo?
64 It results from work well done
65 Gamblers' mecca
66 This, in Mexico
67 Polk's predecessor
68 Dutch cheese
69 Bygone Tunisian V.I.P.'s

DOWN
1 Kind of bear
2 Stand for
3 Unbending
4 Fix, as leftovers
5 Draught, maybe
6 Mafia boss
7 Act of touching
8 Wear a long face
9 Terrier type
10 Comes before
11 Indian music style
12 Greek H's
13 On its way, as a message
18 Noted site of ancient Mexican ruins
22 British john
24 Managed, with "out"
25 Take the reins again
28 Portable PC
29 Place to broil
30 Lavish party
31 Suffix with gab or slug
32 "Get ——" (1958 hit)
33 English poet laureate Nicholas
34 Popular pet bird
38 Killing of a king
39 Blind worshiper
41 Banned Pete
44 Stinko
47 Like the gray mare
48 Actor Estrada
49 Officiated a game
52 Rib
53 Irascible
54 Choir voices
55 Nemo, e.g.: Abbr.
56 Not straight
57 Leave dock
58 To be, in France
62 One-million link
63 —— de guerre

Puzzle by Nancy Salomon

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Solution to Puzzle of Sept. 22

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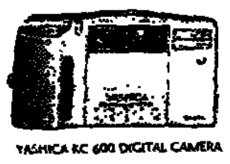

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China Objects to 'Excessive Demands' Over Its Bid to Join WTO

By Alan Friedman
International Herald Tribune

HONG KONG — Pledging that China would cut tariffs and steadily open up its market to foreign companies, Deputy Prime Minister Zhu Rongji said Monday that it was unreasonable for the world to make "excessive demands" on Beijing before admitting it to the World Trade Organization.

Mr. Zhu, speaking at a World Bank seminar here, reeled off a list of previously promised trade liberalization steps including a commitment to reintroduce an exemption on duties for imports of capital equipment used in foreign investment projects.

Mr. Zhu, who is likely to succeed Prime Minister Li Peng next year, said that China's newly announced economic restructuring plan for state owned enterprises, along with other reforms such as the liberalization of the banking system, would remain unchanged.

"Reform and opening-up," he said in a speech before hundreds of international bankers, corporate executives and government officials, "have become irreversible." He also said Beijing would "protect the rights and interests of foreign-funded enterprises according to law and grant them national treatment so that all enterprises, Chinese or foreign-funded, may compete on an equal footing."

Speaking on the eve of a visit to Beijing by the U.S. Treasury secretary, Robert Rubin, Mr. Zhu noted that China had recently announced plans to cut from an average of 23 percent to 17 percent customs duties on more than 4,800 items starting Oct. 1. He called this "an important step gradually leading to an open market."

Given the efforts China was making on trade liberalization, Mr. Zhu said, it was "unreasonable to make excessive demands on China, which is a developing country." The United States and other members of the World Trade Organization have said, however, that China should not be considered a developing country in order to be excused from meeting WTO obligations.

When asked what message Mr. Rubin would be able to take back from Beijing to President Bill Clinton, who is preparing for a Washington meeting with President Jiang Zemin next month at which China's bid for membership in the trade organization will be discussed, Mr. Zhu demurred.

"I think both Presidents Clinton and Jiang are more clever than me, and I am sure they will be able to solve this question satisfactorily," Mr. Zhu quipped.

In response to another question, Mr. Zhu said he agreed that the Hong Kong dollar should remain pegged to the U.S. dollar "because the Hong Kong economic structure is sound and the Hong Kong dollar has a solid base of support with $86 billion of foreign exchange reserves."

Mr. Zhu characterized Hong Kong as "an important converging point between our economy and that of the world" and he said that since the former British colony's return to China over two months ago the new Hong Kong government had been "operating smoothly, giving full expression to the principles of one country, two systems."

The Chinese deputy prime minister also made the following other points:

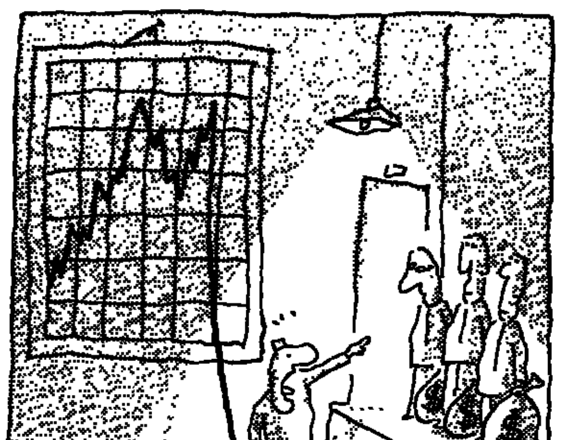
- He forecast a 1997 growth rate for China that would continue at around 10 percent, a growth rate of about 8 percent a year between now and the year 2000 and annual growth of 7 percent in the first decade of the next century.
- He said China's foreign exchange reserves now totaled $131.6 billion and would reach $140 billion by the end of the year.
- He announced plans for a special conference in November to examine "a deepening of reforms" in China's banking sector.
- He listed three of the biggest problems facing Chinese state owned enterprises as an oversupply of products, heavy debt burdens, and overstaffing as a result of pressure by local governments "to recruit more people than they needed."
- He predicted that Southeast Asian economies buffeted by currency and financial turmoil would be able to "overcome the present difficulty" and said it would be useful for financial institutions "to increase information exchange and cooperation so as to protect us from financial risks."

Separately, after a one-hour meeting with Thailand's finance minister, Thanong Bidaya, Mr. Rubin said the United States was "enormously supportive" of Bangkok's efforts to restore financial stability after its currency crisis.

"I think it's fair to say that they expressed real commitment to working with the International Monetary Fund and the World Bank," Mr. Rubin said after the meeting.

Search for a Villain In Southeast Asia

Who's to Blame for Currency Crash?



By Reginald Dale
International Herald Tribune

WASHINGTON — From Shylock to Scrooge and now to George Soros, it has always been only too easy to cast the man with the moneybags as the villain. And it's happening again as countries in Southeast Asia search for scapegoats for the financial crises that have beset them in recent weeks.

Only Mahathir bin Mohamad, the outspoken prime minister of Malaysia, has specifically — and falsely — charged Mr. Soros, the billionaire American financier and philanthropist, with plotting to destroy his country's economy.

But people in other Asian countries too have been quick to blame the allegedly nefarious activities of international speculators for stock-market and currency collapses. Similar accusations were made during the Mexican peso crash just under three years ago, even though it was largely the Mexicans themselves, like the Asians today, who had precipitated their own crisis.

But emerging nations don't have a monopoly on paranoia about foreign financial skullduggery. Two decades ago, a British Labour prime minister, Harold Wilson, was blaming "the gnomes of Zurich" for the woes of the pound.

FRENCH politicians of the left and of the right still like to attribute speculative attacks on the franc to an imaginary "Anglo-Saxon conspiracy" — a clear expression of the underlying cultural hostilities on which such fears are usually based.

In Asia, the latest crisis has added a twist to the debate pitting collectivist "Asian values" against assertive Western individualism that has accompanied the explosive economic growth and rising political influence of so many Asian countries. Some Westerners have been secretly thrilled to see Mr. Mahathir, one of the most prominent exponents of Asian superiority, get his comeuppance.

For Asians who believe their success is due to their own values, on the other hand, it naturally follows that aggressive Western behavior must somehow be at the root of their unexpected financial troubles.

It is not just Western speculators they are worried about. In the words of Stephan-Goetz Richter, publisher of the Transatlantic Futures weekly wire, "leading Asian nations increasingly are expressing their concern about the rules and regulations of international institutions such as the International Monetary Fund, with their supposedly confrontational bias."

That may be one reason that Thailand, for instance, disregarded insistent warnings from the IMF that it was heading toward the rocks. Bangkok was too proud to admit that it needed the Western-dominated Fund's advice, particularly when that advice was politically unpalatable. Mr. Mahathir actually accused the IMF of readiness to "subvert" Malaysia's economy.

THINKING AHEAD
COMMENTARY

All these wild charges, of course, may make good politics. There are just enough truths or half-truths behind them to invest them with a kind of spurious credibility. It is true that the Fund often imposes harsh and politically unpopular conditions on countries that seek its aid.

It also is true that many of the biggest and most aggressive speculators and investors are "Anglo-Saxon" — New York and London, after all, are two of the world's top three financial centers.

And it is true that speculators profit from instability and look for overvalued, or undervalued, currencies with which to gamble.

But that is as far as it goes. Speculators and investors are not motivated by any desire to destroy countries' economies or retard their development; they are trying to make a profit. They are just as likely to sell dollars short as Thai baht or French francs. That is the way capitalism works.

That may be cold comfort for emerging nations, who must often walk a narrow path to avoid punishment by the markets. But governments who embrace scapegoat psychology risk blinding themselves to the real cause of their difficulties, which is usually their own mistakes. Those mistakes will be much harder to correct if they believe their own propaganda.

Eurotunnel Digs Itself Out of a Hole

Compiled by Our Staff From Dispatches

LONDON — Eurotunnel, the debt-ridden operator of the Channel Tunnel, reported Monday its first operating profit — £7 million ($11.2 million) for the first half of 1997 — but warned that Britain's efforts to gain a greater share of future profits could delay a deal with creditor banks.

The operating profit compares with an operating loss of £29 million in the first half of 1996 and was achieved despite what the company called the restraints of fire-damage repairs to the tunnel that links England and France.

Eurotunnel's British joint chairman, Robert Malpas, said that, barring unforeseen events, the operating profit for 1997 could exceed £54 million.

Despite the operating profit, financial charges for the first half created a net loss of £323 million, compared with a loss of £371 million in the first half of last year.

Eurotunnel's French joint chairman, Patrick Ponsolle, accused the British government of "bad management" for disclosing to the press its demands to revise an agreement reached earlier this year among Eurotunnel, Britain and France to extend the operating license by 34 years to 99 years.

"I think it is bad management," he said. "I am surprised as it is not good business behavior."

The license extension was the key factor in getting Eurotunnel's shareholders to agree in July to the restructuring of its £8.5 billion debt. Mr. Ponsolle said that the latest British demands could delay approval of the restructuring by Eurotunnel's banking syndicate.

"It would be extremely difficult for the board of the company, the shareholders and the banks to agree to a substantial departure from the agreement," he said.

A spokesman for Britain's Department of Transport said it was seeking to change the terms of the provisional agreement, adding that it was looking for "slightly more" than the 25 percent of future Eurotunnel profits after tax that was first suggested by the French government this summer.

"These negotiations still have to be completed," the spokesman said. "But we are sure we can reach an agreement."

Mr. Ponsolle said that he, too, was confident of an agreement but only if the original terms could be maintained. He said that if Britain held firm to its demand, the discussions would enter "uncharted territory."

He added that he had received no indication from the French government that it, too, sought to renegotiate terms.

A British press report Monday indicated that Britain could be looking for an increased share of as much as 50 percent of profits. Both governments have already won Eurotunnel's promise to increase its freight traffic but those targets could be raised further.

Mr. Ponsolle said he was "99 percent" certain of winning approval from all creditor banks for its debt reorganization plan. The reorganization would see Eurotunnel's creditors swap some of the debt for equity. All 170-plus banks still need to accept the plan.

"We can't guarantee that there aren't one or two maverick banks out there, but as far as we can tell the climate seems favorable," Mr. Malpas added.

Holders of more than half of the debt have already approved the plan, Eurotunnel estimated. Mr. Malpas said that the most vocal opponents had decided to sell their debt in the secondary market rather than oppose the plan.

Eurotunnel units, the equivalent of one share in Eurotunnel PLC and one in its French sister company, Eurotunnel SA, closed unchanged at 67 pence in London. The units fell 15 centimes, to 6.3 francs, in Paris.

The stock has fallen 90 percent since 1989, driven down by cost overruns, construction delays and a fire that crippled part of the twin-bore tunnel beneath the English Channel last year. Repairs were finished and full service was resumed in mid-May.

Georges-Christian Chazot, Eurotunnel's managing director, said the service had a 44 percent share of the market, putting it on track to a goal of regaining by the end of the year what was its 50 percent share before the fire. The service competes with ferries.

(AP, Reuters, Bloomberg)

Turner Turns to the $1 Billion Details

By Geraldine Fabrikant
New York Times Service

Ted Turner wants to have his cake and eat it too.

The ebullient multibillionaire pledged last week to give United Nations agencies as much as $1 billion over 10 years. However, he has disclosed that he wants to find a way to give the money away and not sell his stock in Time Warner Inc. His 58 million Time Warner shares — representing about 10 percent of Time Warner's shares outstanding — are the source of much of his $3.2 billion fortune.

To meet the stunningly large pledge, Mr. Turner, 58, would have to give away roughly 2.7 percent of his stake each year over the next 10 years, assuming the share price does not change. The stock market — aware that even if he actually sold that stock over the extended period, the sale would have little impact — sent Time Warner stock down just 12.5 cents Friday to close at $55.25 a share.

The stock closed Monday at $54.875, down 37.5 cents.

But Mr. Turner, who clearly knows that his leverage with Time Warner depends heavily on his stock ownership, has asked his investment team to look at alternatives to an actual stock sale, at least in the near term.

"I might pledge the stock to the foundation," Mr. Turner said, "and then borrow the money and give it away."

But Taylor Glover, Mr. Turner's personal financial adviser, acknowledged that devising a strategy to accomplish that goal would be difficult. He said that he and a team of law firms and executives of Price Waterhouse, Mr. Turner's accounting firm, would be working over the next weeks to seek a solution.

"If you want to know the whole story," Mr. Glover said, "stay tuned. We are discussing with United Nations officials their needs and ideas on the structure too."

Mr. Turner could, of course, hold his stock and borrow against it, eventually selling the stock to repay the loan. However, if he did not put the stock into a charitable foundation before selling it, he would have to pay capital-gains taxes on the sale.

Another reason to keep the roughly

See TURNER, Page 14

CURRENCY & INTEREST RATES

Cross Rates

Sept. 22

	$	£	D.M.	F.F.	Lira	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	2.015	3.2346	1.125	0.3352	0.1154*	—	5.456*	1.37	1.6515*	1.4515	1.3345*
Brussels	37.035	59.335	20.6375	6.1455	2.1156*	18.33	—	25.1625	0.3013	26.70	24.48*
Frankfurt	1.7910	2.874	—	0.2977	0.1025*	0.8889	4.8459*	1.2189	1.4601*	1.2988	1.1857*
London (a)	1.6029	—	2.874	9.6575	2,804.87	3.236	59.3234	2.3573	195.77	2.2252	242.840
Madrid	151.269	242.439	84.343	25.111	8.645*	74.904	4.087	102.806	123.314*	109.038	—
Milan	1,747.30	2,809.15	975.50	290.58	—	866.65	47.284	1,188.65	14.245	1,258.15	11.573
New York (b)	—	1.6044	1.7905	6.018	1,748.00	2.0165	36.97	1.471	121.825	1.3883	151.84
Paris	6.024	9.6545	3.3588	—	0.3443*	2.883	0.1628	4.0941	4.9109*	4.3423	3.983*
Tokyo	122.45	197.21	68.99	20.54	0.708	41.28	3.3438	83.81	—	88.22	0.8181
Toronto	1.3883	2.2274	0.7753	0.2308	0.0794*	0.6884	0.3757*	0.9447	1.138*	—	0.919*
Zurich	1.4743	2.3633	0.8212	0.2444	0.0843*	0.7292	3.9883*	—	1.2034*	1.062	0.9728*
1 ECU	1.0979	0.6851	1.9691	6.6139	1,921.17	2.2173	40.6372	1.6155	134.683	1.5232	166.051
1 SDR	1.3561	0.8447	2.4288	8.1692	2,372.92	2.7386	50.023	1.9942	166.122	1.8908	205.097

Closings in Amsterdam, London, Milan, Paris and Zurich, fixings in other centers: New York at 4 P.M. and Toronto rates at 3 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9998	Greek drac.	282.74	Mex. peso	7.73	S. Afr. rand	4.705
Australian $	1.3879	Hong Kong $	7.7409	N. Zealand $	1.5736	S. Kor. won	912.30
Austrian sch.	12.612	Hung. forint	195.64	Norw. krone	7.2832	Swed. krona	7.6712
Brazil real	1.0943	Indian rupee	36.340	Phil. peso	33.00	Taiwan $	28.60
Chinese yuan	8.3164	Indo. rupiah	2970.0	Polish zloty	3.42	Thai baht	35.80
Czech koruna	33.56	Irish £	0.684	Port. escudo	182.00	Turkish lira	171230.
Danish krone	6.8178	Israeli shek.	3.4982	Russ ruble	5853.5	UAE dirham	3.6725
Egypt. pound	3.4003	Kuw dinar	0.302	Saudi riyal	3.75	Venez. boliv.	495.75
Fin. markka	5.3409	Malay. ring.	3.1037	Sing. $	1.5275		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6011	1.5988	1.5970	Japanese yen	121.68	121.18	120.65
Canadian dollar	1.3860	1.3836	1.3815	Swiss franc	1.4680	1.4665	1.4654
Deutsche mark	1.7883	1.7845	1.7807				

Sources: ING Bank (Amsterdam); Cera Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo).

Libid-Libor Rates

Sept. 22

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5 1/2 - 5 9/16	3 3/16 - 3 1/4	1 5/16 - 1 7/16	7 1/8 - 7 1/4	3 1/4 - 3 5/16	9/16 - 11/16	4 1/8 - 4 1/4
3-month	5 5/8 - 5 3/4	3 5/16 - 3 7/16	1 3/8 - 1 1/2	7 - 7 1/4	3 5/16 - 3 7/16	1/2 - 5/8	4 5/16 - 4 7/16
6-month	5 11/16 - 5 3/4	3 7/16 - 3 9/16	1 7/16 - 1 9/16	7 5/16 - 7 7/16	3 3/8 - 3 1/2	1/2 - 9/16	4 5/16 - 4 7/16
1-year	5 13/16 - 5 15/16	3 5/8 - 3 3/4	1 1/4 - 1 3/8	7 1/4 - 7 1/2	3 11/16 - 3 13/16	5/8 - 3/4	4 3/8 - 4 1/2

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8 1/2	8 1/2
Federal funds	5 9/16	5 1/2
90-day CDs dealers	5.59	5.59
180-day CP dealers	5.53	5.50
3-month Treasury bill	4.89	4.92
1-year Treasury bill	5.17	5.18
2-year Treasury bill	5.77	5.80
5-year Treasury note	5.97	6.00
7-year Treasury note	6.01	6.04
10-year Treasury note	6.05	6.08
30-year Treasury bond	6.35	6.37
Merrill Lynch 30-day RA	5.08	5.08
Japan		
Discount rate	0.50	0.50
Call money	0.45	0.44
1-month interbank	0.62	0.62
3-month interbank	0.54	0.54
6-month interbank	0.54	0.54
10-year Govt bond	2.16	2.19
Germany		
Lombard rate	4.50	4.50
Call money	3.13	3.13
1-month interbank	3.22	3.22
3-month interbank	3.31	3.31
6-month interbank	3.47	3.47
10-year Bund	5.55	5.55
Britain		
Bank base rate	7.00	7.00
Call money	7 1/16	7.00
1-month interbank	7 1/8	7 1/16
3-month interbank	7 1/4	7 3/16
6-month interbank	7 5/16	7 5/16
10-year Gilt	6.63	6.68
France		
Intervention rate	3.10	3.10
Call money	3 3/16	3 3/16
1-month interbank	3 1/4	3 1/4
3-month interbank	3 3/8	3 5/16
6-month interbank	3 7/16	3 7/16
10-year OAT	5.48	5.48

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	N.A.	320.85	−1.15
London	321.10	320.85	−1.20
New York	323.40	323.10	+0.10

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Dec.)
Source: Reuters.

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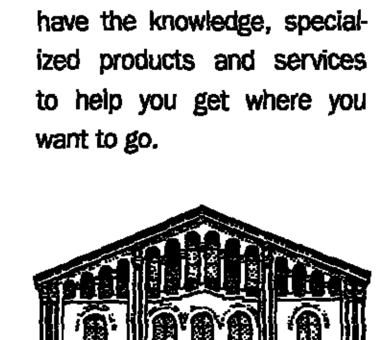
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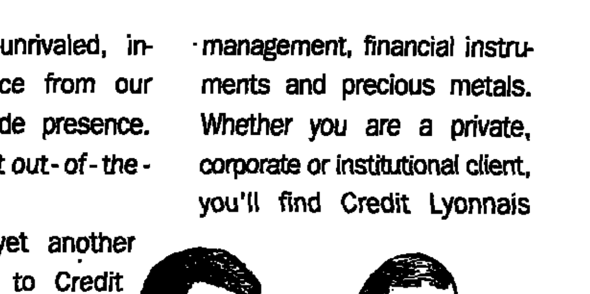

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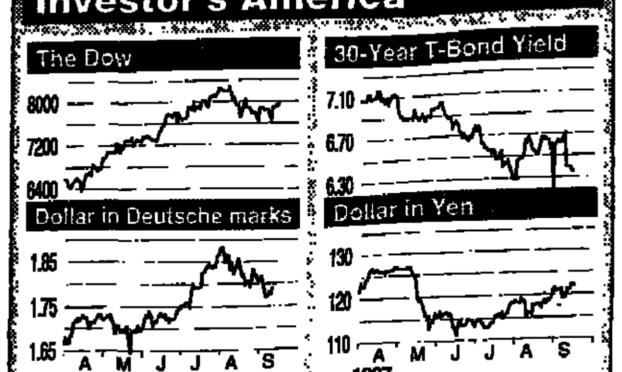
Investor's America



Exchange	Index	Monday 4PM	Prev. Close	% Change
NYSE	The Dow	7996.83	7917.27	+1.00
NYSE	S&P 500	955.43	950.50	+0.52
NYSE	S&P 100	921.86	916.46	+0.59
NYSE	Composite	499.16	496.56	+0.52
U.S.	Nasdaq Composite	1689.46	1680.37	+0.54
AMEX	Market Value	689.94	686.94	+0.44
Toronto	TSE Index	7015.08	6982.70	+0.46
São Paulo	Bovespa	11761.52	11633.63	+1.10
Mexico City	Bolsa	5252.57	5144.12	+2.11
Buenos Aires	Merval	808.32	812.32	-0.49
Santiago	IPSA General	5532.63	5528.89	+0.07
Caracas	Capital General	10778.21	10757.42	+0.19

Source: Bloomberg, Reuters — International Herald Tribune

Very briefly:

• **Microsoft Corp.** and **AT&T Corp.** each acquired a 10 percent stake in **E-Stamp Corp.**, a closely held maker of software that allows consumers to purchase and print stamps from the Internet. Financial details of the transaction were not disclosed.

• **Rohr Inc.** said it had agreed to be bought by a company that it did not identify for about $882 million in stock; a week ago it said negotiations had ended unsuccessfully.

• **ING Groep NV** said the New York office of its **ING Barings** investment-banking unit was being audited by U.S. authorities for amassing a backlog of unsettled stock trades caused by a surge in trading in emerging markets.

• **Delta Air Lines Inc.** will pay $4.5 million in a lump-sum severance payment to its former chairman, chief executive and president, Ronald Allen; the company also agreed to pay him an annual consulting fee of $500,000 for seven years.

• **Conseco Inc.** agreed to buy **Washington National Corp.**, also a health and life insurer, for $410 million, or $33.25 a share. Washington National had $2.8 billion in assets and $14.9 billion in life insurance at the end of June. *Bloomberg*

Weekend Box Office

The Associated Press

LOS ANGELES — "In and Out" dominated the U.S. box office over the weekend, with a gross of $15.3 million. Following are the Top 10 moneymakers, based on Friday's ticket sales and estimated sales for Saturday and Sunday.

1. In and Out	*(Paramount)*	$15.3 million
2. The Game	*(Polygram)*	$9.2 million
3. Wes Craven's Wishmaster	*(Live Film & Mediaworks)*	$6.5 million
4. L.A. Confidential	*(Warner Bros.)*	$5.5 million
5. A Thousand Acres	*(Touchstone Pictures)*	$3 million
6. The Full Monty	*(Twentieth Century-Fox)*	$2.9 million
7. G.I. Jane	*(Hollywood Pictures)*	$2.4 million
8. Air Force One	*(Columbia Pictures)*	$3 million
9. Money Talks	*(New Line Cinema)*	$2.2 million
10. Fire Down Below	*(Warner Bros.)*	$1.5 million

Seagram Expands Cable Network

$1.7 Billion Cash Deal Settles Bitter Lawsuit With Viacom

Compiled by Our Staff From Dispatches

NEW YORK — Seagram Co. said Monday it had acquired Viacom Inc.'s half interest in their USA Networks partnership for $1.7 billion in cash, giving it control over two cable channels that could be outlets for some of its programming.

The agreement settles a bitter lawsuit between the companies over their profitable partnership, which operates USA Network, one of the most watched U.S. cable channels, and the Sci-Fi Channel.

Since buying MCA and its Universal Pictures unit for $5.7 billion in 1995, Seagram has struggled to build a full-fledged media and entertainment company. Its film business is struggling, and the lack of a profitable cable business has hurt its shares compared with other big media companies such as Time Warner Inc. and Walt Disney Co.

"It gives them a necessary cable programming distribution outlet that their entertainment franchise is lacking," said Frederick Moran, an analyst at Furman Selz LLC.

Seagram's shares rose 37.5 cents to close at $35.5625, while Viacom's Class B shares gained 6.25 cents to $34.

The company's chairman and chief executive, Sumner Redstone, said Viacom would use the proceeds to whittle down its $10 billion in debt. The settlement also allows New York-based Viacom to devote more time and resources to its troubled Blockbuster video-store unit.

Seagram and Viacom battled in a Delaware court for more than year over the partnership.

Chancery Court Judge Myron Steele concluded in July that Viacom's ownership of MTV, Nickelodeon and other channels had breached the partnership agreement.

Viacom initially proposed an auction of USA Networks. Seagram argued that a sale would penalize it because the judge had already ruled in its favor.

The agreement includes a clause that Viacom will not start a competing network to the Sci-Fi Channel, which is part of USA Networks, said Jill Krutick, an entertainment analyst at Smith Barney. *(Bloomberg, AP)*

Mark Slips as Rate Rise Recedes

Bloomberg News

NEW YORK — The dollar rose against the Deutsche mark Monday after the head of Deutsche Bank AG said top German finance officials were satisfied with current exchange rates.

But it fell against the yen after reaching a four-and-a-half-month high in Asian trading. The loss followed a warning by officials of the Group of Seven industrial nations against "excessive" yen weakness.

Rolf Breuer, chief executive of Europe's largest bank, met with Hans Tietmeyer, the president of the Bundesbank, and Finance Minister Theo Waigel. Mr. Breuer said the German officials were "content" with a dollar rate of about 1.80 DM and believed that it reflected economic fundamentals.

At 4 P.M., the dollar was at 1.7905 DM, compared with 1.7753 DM at the close Friday, and 121.825 yen, down from 122.250 yen. Analysts said expectations that Germany would not soon lift interest rates had given the dollar an added lift against the mark.

FOREIGN EXCHANGE

The G-7 officials' statement emphasized the importance of avoiding depreciation of the yen "where this could lead to the re-emergence of large external imbalance" in trade.

The dollar rose against the yen early in the day as traders initially interpreted the G-7 statement as nonconfrontational and a green light to push the dollar higher.

"The tone of their comments was not so serious," said Tatsuya Enomoto, manager of foreign exchange at Sumitomo Bank Ltd. "The U.S. didn't complain too much about trade."

Against other currencies, the dollar rose to 6.0180 French francs from 5.9635 francs and to 1.4710 Swiss francs from 1.4625 francs. The pound fell to $1.6040 from $1.6115.

TURNER: *Donor Hopes to Retain His Time Warner Shares*

Continued from Page 13

18.1 million shares — now worth about $1 billion — out of a foundation and to put off a sale as long as possible is Mr. Turner's belief that Time Warner's stock price will rise.

If it does, Mr. Turner would need to give away fewer shares to meet his $1 billion commitment. But if Time Warner stock is in a foundation and its price soars, the foundation — not Mr. Turner — reaps the extra value, said Terry Christiensen III, a trust and estates lawyer at Sullivan & Cromwell, the New York law firm.

Mr. Turner could theoretically put some of the stock into a foundation and have that entity borrow money against it. But Mr. Glover and a handful of tax experts said such a transaction might generate "unrelated debt-financed income" issues with the Internal Revenue Service.

If the IRS chooses to treat the new foundation as a business and not a charitable entity, tax experts said, Mr. Turner's foundation might have to pay income taxes on Time Warner dividends — currently 36 cents a share annually — as well as capital-gains tax on the proceeds of the eventual sale of the stock.

But Mr. Glover said he and Mr. Turner's tax advisers believed that if the foundation borrowed money against the value of the shares with the express purpose of donating the money to the United Nations, it might well avoid such severe tax consequences.

The gifts would certainly generate a tax write-off against Mr. Turner's income from Time Warner dividends, which is roughly $20 million a year. However, if a donor's charitable donations exceed a certain percentage — the maximum possible is 30 percent — of his or her annual adjusted gross income, the excess is not deductible.

Mr. Turner's existing charitable contributions already take him to that limit before the UN gift is factored in, Mr. Glover said. In 1997, the Turner Foundation will give away a total of $17 million to various causes.

IBM: *Breakthrough Strengthens Chips*

Continued from Page 1

The technological breakthrough that IBM said it had made concerned the metal that is combined with silicon to produce semiconductors. For 30 years, chipmakers have etched aluminum circuits on silicon wafers, the basic building blocks of a chip. Most chips contain transistors that are 0.35 micron wide. The most advanced have circuits with a width of 0.25 micron. But at 0.20 micron, or about 1/500th the width of a human hair, aluminum begins to slow the chips down.

"As you get down to these very small dimensions," said John Kelly, vice president for technology of IBM's microelectronics division, "the aluminum can't conduct enough electricity to make these circuits move fast enough."

Copper is a much better conductor. But when chipmakers tried to use it, they found that the metal bled into the silicon, contaminating the chip. Researchers at IBM and other companies tried gold and other expensive materials, but those did not work.

"We went down many, many blind alleys," Mr. Kelly said.

After 10 years of work, researchers at IBM's laboratory in Yorktown Heights, New York, figured out a way to insulate the microscopic copper wiring so that it does not come directly into contact with the silicon.

IBM is not the only company to find a solution. Sematech, the 10-year-old research consortium financed by 10 U.S. chipmakers, including IBM, announced last month that it had produced silicon wafers with copper deposited on them.

But IBM is much further along. The company is already producing finished chips on a small pilot manufacturing line and intends to begin selling the chips by June.

"For the next year or two, they clearly have a lead," Mr. Lewis said. "They are going to gain market share in the semiconductor world."

Intel, which has also been trying to develop copper chips, does not plan to begin selling them until 2002, said Howard High, a spokesman.

"If they can move it into production this early," he said, referring to IBM, "that is certainly more aggressive than we and others had anticipated."

The first of IBM's new copper chips will appear in its high-end computers. In addition to mainframe computer chips, the process will be used to make PowerPC chips, which are used in IBM's RS/6000 and AS/400 computer lines as well as the Apple Macintosh and Mac clones. These new chips will run at speeds as fast as 1 gigahertz, compared with the fastest microprocessors found in the current personal computers, which run at around 300 megahertz.

IBM has applied for several patents related to the process, Mr. Kelly said, and does not plan to license the technology to other companies.

But IBM does help other companies design and manufacture custom chips. Mr. Kelly said the process would first be used to make chips that demand high performance, such as fast memory chips and so-called application-specific chips used, among other things, to power the switches that route data on the Internet.

Chips with more densely packed circuits require less energy, so the process could be used to make semiconductors for battery-powered pocket cellular phones and other handheld gadgets.

"Eventually, all semiconductors will go to copper, because as you get down to those dimensions you have no choice," Mr. Kelly said. "Had we not figured out how to do this, Moore's law would have slowed down dramatically."

■ Bonds Help Stocks Rise

U.S. stocks rose amid enthusiasm over the new IBM technology and further gains for the bond market, news agencies reported.

The Dow Jones industrial average rose 79.56 points to 7,996.83. The barometer of 30 blue-chip companies is still down 3 percent from its Aug. 6 peak of 8,259.31. Advancing issues outnumbered decliners by a nearly 2-to-1 margin on the New York Stock Exchange.

The Standard & Poor's 500 index, meanwhile, rose 4.92 points, to 955.43, while the Nasdaq composite index, which contains many technology shares, finished 9.10 points higher, at 1,689.46.

Treasury bond prices continued to be bolstered by reports showing that inflation has remained tame. The price of the benchmark 30-year bond rose 12/32 to 100 10/32, pushing its yield down to 6.35 percent from 6.37 percent Friday.

A jump in the dollar's value, which can spur foreign demand for U.S. investments, also helped lift the Treasury market, analysts said.

IBM's announcement helped other computer issues, including Dell and Compaq, rise.

Computer Data Systems stock soared after Affiliated Computer Services Inc. said it would buy the provider of computer consulting services for $373 million in stock and assumed debt, broadening Affiliated's customer base for information-processing services. Affiliated Computer shares slipped.

Stock in Lunar fell sharply after the maker of medical devices said it expected earnings and revenue for its first quarter to be lower than expected. *(AP, Bloomberg)*

AMEX

Monday's 4 P.M. Close

The top 300 most active shares, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Latest	Chge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	7968.84	8021.88	7916.04	7996.83	+79.56
Trans	3210.48	3210.14	3185.96	3188.14	-20.66
Util	241.46	243.38	241.25	242.48	+1.21
Comp	2556.42	2565.31	2546.39	2556.89	+10.38

Standard & Poors

	High	Low	Previous Close	Today 4:00
Industrials	—	—	1111.92	1117.65
Transp.	—	—	706.15	699.41
Utilities	—	—	206.48	207.46
Finance	—	—	111.81	112.55
SP 500	—	—	950.51	955.43
SP 100	—	—	916.46	921.86

NYSE

	High	Low	Last	Chg.
Composite	501.17	496.56	499.16	+2.60
Industrials	631.48	625.50	628.97	+3.47
Transp.	467.28	463.89	464.07	-2.95
Utility	298.15	295.71	296.85	+1.24
Finance	473.15	468.36	471.02	+2.66

Nasdaq

	High	Low	Last	Chg.
Composite	1697.09	1684.31	1689.44	+9.08
Industrials	1369.08	1361.94	1366.40	+6.42
Banks	1868.82	1860.65	1868.31	+8.78
Insurance	1797.52	1777.55	1793.70	+15.01
Finance	2234.40	2222.10	2230.25	+11.05
Transp.	1100.00	1091.11	1099.04	+10.01

AMEX

High	Low	Last	Chg.
690.98	686.93	689.94	+3.00

Dow Jones Bond

	Close	Chg.
20 Bonds	104.10	— 0.02
10 Utilities	101.75	— 0.19
10 Industrials	106.45	+0.15

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
Compaq s	99915	79⅛	77⅜	78	+¾
IBM s	68522	105⅛	102	103⅞	+4½
MicrnT	65772	40¾	37⅞	40⅛	+2⅞
AT&T s	61839	46⅜	44¼	45⅞	+1⅞
PhilMor s	49137	42⅞	41½	42⅝	+1⅛
Boeing s	48757	53⅜	52⅜	52⅞	+⅞
Merck	46332	103⅛	99	102⅞	+4⅜
EKodak	46001	62⅛	59⅞	61⅞	+2⅜
Iomega	42956	28	26⅜	26⅞	-1⅛
Exxon s	34992	66⅛	63¾	64⅞	-1¾
Unicom	34789	25⅜	24⅝	25⅜	+1⅛
GenElec s	32437	70⅞	70⅜	70⅞	+⅛
WstgEl	32287	27	26½	26⅞	+½
K mart	32162	15	14⅞	14⅞	+¾
ColHCA s	31758	29⅛	28	28⅞	-⅞

Nasdaq

	Vol.	High	Low	Last	Chg.
Intomx	136347	8⅛	6½	7⅛	-2⅛
Ascend	103617	37⅜	36	37⅞	+1⅞
Intel s	96345	97⅞	95¾	97⅛	+1¾
PairnSft	95689	20⅜	17¾	17⅞	-5⅜
3Com	89555	51⅛	48½	50⅞	+2⅞
Cisco	78692	76¼	73⅞	75⅜	+2½
Cymer s	69310	31⅜	29⅜	30¼	-⅝
DellCpt s	63275	100⅛	96⅝	99⅞	+2⅛
TeleComA	52231	19⅜	19	19⅛	-⅛
Oracle s	49098	38⅜	37⅛	37⅞	-⅛
Microsft s	46905	135⅞	133⅜	134¼	-⅝
WorldCm	44617	37½	36⅞	36⅝	-⅛
SunMic s	44366	52	50¾	51⅛	+⅞
McAfee	43968	54⅞	48½	51⅞	-1⅞
AdobeSy	42878	53	51	52⅝	+3¼

AMEX

	Vol.	High	Low	Last	Chg.
XCL Ltd	36053	⅞	⅝	⅞	+⅛
SPDR	32175	96⅛	95⅞	95⅞	+⅜
Hasbro s	10499	27⅞	26⅞	26⅞	-⅞
TubMex	9796	24⅝	24	24⅜	+⅜
AndeaE s	8808	29⅛	25	28¼	+3⅞
ViacB	7942	34½	33¾	33⅞	—
IvaxCp	7529	11½	10¾	11	-½
KeyEng	6180	32⅛	31⅛	31⅞	+1
Hearx	5776	2⅛	1⅞	2	-⅛
Audvox	5509	10⅛	10⅛	10½	+¼

Trading Activity

NYSE

	Close	Prev.
Advanced	1712	1387
Declined	1195	1460
Unchanged	506	572
Total issues	3413	3419
New Highs	362	260
New Lows	18	23

Nasdaq

	Close	Prev.
Advanced	2019	2245
Declined	1461	1905
Unchanged	1977	1576
Total issues	5457	5726
New Highs	287	370
New Lows	38	40

AMEX

	Close	Prev.
Advanced	339	310
Declined	263	271
Unchanged	141	168
Total issues	743	749
New Highs	57	47
New Lows	2	10

Market Sales

	Today 4:00	Prev. cons.
NYSE	497.19	728.97
Amex	25.66	37.13
Nasdaq	651.86	679.86

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
Amer InsdMtg 85	c	.12	9-30	11-3
c- includes .02 from return of capital.				
Amer InsdMtg 88	d-	.86	9-30	11-3
d- includes .76 from return of capital.				
Gallagher Grp plc	b	.7709	10-3	11-14
Hitachi Ltd ADR	b	.4536	9-29	—
Kyocera Cp ADR	b	.4948	9-29	—
Lasmo plc A	b	.625	9-3	10-15
Mesa Offshore	-	.0065	9-30	10-31
Mesa Royalty	-	.2978	9-30	10-31
Patapsco Bank	-	.10	10-3	10-23
Permian Bas Royl	-	.0625	9-30	10-15
Rio Tinto plc ADS	b	.4645	9-26	10-30
Shell Trans ADR	b	.6139	10-3	11-14
TDK Corp ADR	b	.205	9-29	12-17
Westfield America	-	.35	9-30	10-30
INCREASED				
BEA Strat Glbl	M	.0725	10-7	10-15
Bay Apartment	Q	.42	9-30	10-15
Calif State Bk	Q	.12	10-3	10-14
INITIAL				
HCB Bncshrs Inc	-	.05	9-30	10-10
Peoples BkCp IN n	-	.115	9-30	10-17
REGULAR				
AT&T Corp	Q	.33	9-30	11-1
Abigail AdamsNat	Q	.10	9-30	10-31
Broadway Fncl	Q	.05	9-30	10-31
Carolina P&Lt	Q	.47	10-10	11-1
Commun Bk Shrs	Q	.105	9-30	10-15
FNB Corp NC	Q	.18	9-30	10-20
Mark Centers	Q	.20	10-31	12-15
NewSouth Bncp	Q	.10	10-2	10-24
Ohio Art	Q	.04	10-6	11-4
State StreetCp	Q	.11	10-1	10-15
TCA Cable TV	Q	.16	10-6	10-20
Thor Indus	Q	.03	9-29	10-7
US West Commun	Q	.535	10-10	11-3
VanEckAC Com-stockA	Q	.0625	9-22	9-22
VanEckAC Util A	Q	.12	9-22	9-22
Zions Bancorp	Q	.12	10-13	10-27

STOCK SPLIT

Arrow Electron 2 for 1 split.
BEI Electronics 1 share of BEI Techns Inc for each share held.
Novellus Systems 2 for 1 split.
Rexall Sundown 2 for 1 split.

REVERSE STOCK SPLIT

Source InformMgmnt 1 for 1.21 reverse split.

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a - dividend also extra (s). b - annual rate of dividend plus stock dividend. c - liquidating dividend. cc - PE exceeds 99.cld - called. d - new yearly low. dd - loss in the last 12 months. e - dividend declared or paid in preceding 12 months. f - annual rate, increased on last declaration. g - dividend in Canadian funds, subject to 15% non-residence tax. i - dividend declared after split-up or stock dividend. j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k - dividend declared or paid this year, an accumulative issue with dividends in arrears. m - annual rate, reduced on last declaration. n - new issue in the past 52 weeks. The high-low range begins with the start of trading. nd - next day delivery. p - initial dividend, annual rate unknown. P/E - price-earnings ratio. q - closed-end mutual fund. r - dividend declared or paid in preceding 12 months, plus stock dividend. s - stock split. Dividend begins with date of split. sls - sales. t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u - new yearly high. v - trading halted. vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd - when distributed. wi - when issued/ ww - with warrants. x - ex-dividend or ex-rights. xdis - ex-distribution. xw - without warrants. y- ex-dividend and sales in full. yld - yield. z - sales in full.

INTERNATIONAL FUTURES

Sept. 22, 1997

	High	Low	Latest	Chge	Opint
Grains					
CORN (CBOT) 5,000 bu minimum- cents per bushel					
Dec 97	262¼	257½	262¼	+½	189,961
Mar 98	271¼	266	271	+¼	58,220
May 98	276¼	271½	276	unch.	14,101
Jul 98	280	275	279¾	+¾	25,334
Sep 98	274	270½	273¾	+1¼	1,820
Dec 98	272¼	267¾	271¾	+1¼	15,974
Jul 99	284	280	284	+1½	122
Est. sales 47,000 Fri's sales 45,340					
Fri's open int 305,639, up 516					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Oct 97	223.70	218.60	223.70	-1.40	23,961
Dec 97	207.30	202.40	207.30	unch.	45,450
Jan 98	202.10	198.80	202.10	-0.90	12,717
Mar 98	198.50	195.50	198.10	unch.	11,380
May 98	197.00	194.20	196.80	+2.30	10,678
Jul 98	198.10	196.00	198.10	-0.10	5,468
Est. sales 24,000 Fri's sales 29,128					
Fri's open int 111,142, up 1,339					
SOYBEAN OIL (CBOT) 60,000 lbs- cents per lb					
Oct 97	23.89	23.52	23.65	+0.01	14,769
Dec 97	24.26	23.78	24.02	unch.	51,469
Jan 98	24.39	24.10	24.24	+0.02	14,674
Mar 98	24.60	24.30	24.44	unch.	8,693
May 98	24.72	24.50	24.55	-0.02	4,772
Jul 98	24.70	24.61	24.64	-0.01	4,682
Est. sales 11,000 Fri's sales 14,124					
Fri's open int 99,884, up 1,650					
SOYBEANS (CBOT) 5,000 bu minimum- cents per bushel					
Nov 97	636	630	635½	-3½	95,324
Jan 98	639	633½	638¾	-2¼	24,946
Mar 98	646	640½	645¾	-2	10,157
May 98	653½	648	653¼	-¾	8,181
Jul 98	659½	653	659½	-¾	9,036
Est. sales 35,000 Fri's sales 40,296					
Fri's open int 150,972, off 389					
WHEAT (CBOT) 5,000 bu minimum- cents per bushel					
Dec 97	368½	362	364¾	-3¼	60,246
Mar 98	381	376	378½	-3¼	24,037
May 98	386¼	382½	385¼	-2½	4,463
Jul 98	386½	383	386¼	-1¾	9,983
Est. sales 14,000 Fri's sales 16,212					
Fri's open int 101,391, off 1,469					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Oct 97	68.35	67.72	68.30	+0.40	27,017
Dec 97	68.97	68.45	68.82	-0.10	33,049
Feb 98	71.65	71.32	71.47	-0.10	15,505
Apr 98	74.42	74.12	74.27	-0.05	9,066
Jun 98	70.97	70.75	70.87	-0.02	6,477
Aug 98	70.60	70.47	70.55	+0.20	1,727
Est. sales 12,443 Fri's sales 10,431					
Fri's open int 92,895, up 59					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Sep 97	79.70	79.52	79.60	-0.22	1,958
Oct 97	80.95	80.00	80.27	-0.02	7,519
Nov 97	81.90	80.90	81.25	-0.02	3,863
Jan 98	82.40	81.75	82.02	+0.10	3,091
Mar 98	81.85	81.35	81.60	unch.	1,738
Apr 98	81.75	81.50	81.62	-0.02	593
Est. sales 2,402 Fri's sales 1,957					
Fri's open int 19,460, off 121					
HOGS-Lean (CMER) 40,000 lbs.- cents per lb.					
Oct 97	69.70	69.25	69.60	-0.05	12,583
Dec 97	66.35	65.80	65.97	-0.07	10,490
Feb 98	65.10	64.60	64.87	-0.02	3,868
Apr 98	61.90	61.60	61.65	-0.10	1,662
Jun 98	67.10	66.90	67.10	+0.27	985
Est. sales 5,058 Fri's sales 7,128					
Fri's open int 30,783, off 692					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Feb 98	64.85	63.80	64.25	+0.20	4,891
Mar 98	64.50	63.80	64.20	+0.10	465
May 98	65.90	65.05	65.05	+0.02	105
Est. sales 2,021 Fri's sales 2,351					
Fri's open int 5,520, up 362					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Dec 97	1668	1638	1643	-7	40,780
Mar 98	1699	1674	1680	-3	29,306
May 98	1717	1701	1701	-3	12,199
Jul 98	1729	1722	1722	-3	3,357
Sep 98	1740	1739	1740	-3	4,730
Dec 98	1760	1757	1757	-3	6,561
Est. sales 6,684 Fri's sales 8,688					
Fri's open int 106,719, off 827					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Dec 97	175.75	168.75	170.35	-3.80	13,178
Mar 98	162.50	156.00	157.80	-3.70	5,618
May 98	156.00	151.75	151.75	-3.75	1,731
Jul 98	149.50	145.75	145.75	-3.90	1,684
Sep 98	142.50	139.75	139.75	-3.70	474
Est. sales 4,184 Fri's sales 7,517					
Fri's open int 22,934, up 295					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Oct 97	11.18	11.04	11.05	-0.12	40,598
Mar 98	11.62	11.53	11.57	-0.04	87,745
May 98	11.73	11.64	11.68	-0.01	19,924
Jul 98	11.60	11.53	11.55	-0.01	15,580
Est. sales 37,277 Fri's sales 32,216					
Fri's open int 178,543, off 3,999					

	High	Low	Latest	Chge	Opint
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Nov 97	69.35	68.50	68.70	-0.45	18,730
Jan 98	72.30	71.50	71.65	-0.45	9,270
Mar 98	75.05	74.50	74.73	-0.35	4,032
Est. sales N.A. Fri's sales 690					
Fri's open int 36,556, up 161					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Sep 97			321.20	unch.	46
Oct 97	322.40	321.00	321.60	unch.	7,954
Nov 97			322.20	+0.10	
Dec 97	323.60	322.20	323.10	+0.10	117,034
Feb 98	325.10	324.00	324.60	+0.20	15,465
Apr 98	326.60	326.30	326.30	+0.10	5,731
Jun 98	328.70	328.00	328.20	+0.10	8,715
Aug 98	330.70	330.20	330.20	+0.10	4,477
Oct 98			332.30	+0.10	350
Est. sales 15,000 Fri's sales 25,848					
Fri's open int 202,493, off 494					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Sep 97	94.90	93.80	93.85	-1.05	1,992
Oct 97	95.10	94.20	94.20	-1.05	3,075
Nov 97	95.60	95.00	95.00	-1.00	1,799
Dec 97	96.30	94.80	95.45	-0.90	27,882
Jan 98	96.10	95.55	95.55	-0.80	1,020
Feb 98	96.20	95.55	95.55	-0.65	1,051
Mar 98	96.20	95.15	95.55	-0.65	4,852
Apr 98	96.20	95.45	95.45	-0.65	858
May 98	95.80	95.40	95.45	-0.60	2,231
Est. sales 7,000 Fri's sales 6,886					
Fri's open int 52,580, up 380					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Sep 97	463.50	463.30	463.30	-3.20	271
Oct 97			463.70	-2.80	78
Nov 97			465.50	-4.40	
Dec 97	471.50	466.00	467.30	-3.20	52,809
Jan 98			468.80	-3.10	22
Mar 98	475.00	471.50	473.40	-3.00	12,962
May 98	476.90	476.50	476.90	-2.90	3,265
Jul 98			480.40	-2.80	2,362
Est. sales 6,000 Fri's sales 12,236					
Fri's open int 78,048, up 784					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Oct 97	437.80	432.50	437.40	+7.20	8,751
Jan 98	427.50	422.60	426.90	+6.70	4,046
Apr 98	419.00	415.00	417.90	+5.20	625
Jul 98			413.90	+5.20	3
Est. sales N.A. Fri's sales 4,262					
Fri's open int 13,425, off 28					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1654.00	1655.00	1635.00	1636.00
Forward	1652.00	1653.00	1639.00	1640.00
Copper Cathodes (High Grade)				
Spot	2072.00	2073.00	2110.00	2111.00
Forward	2099.00	2100.00	2130.00	2131.00
Lead				
Spot	617.00	618.00	620.00	621.00
Forward	627½	628.00	630.00	631.00
Nickel				
Spot	6380.00	6400.00	6445.00	6455.00
Forward	6480.00	6500.00	6540.00	6545.00
Tin				
Spot	5580.00	5590.00	5610.00	5620.00
Forward	5630.00	5635.00	5660.00	5665.00
Zinc (Special High Grade)				
Spot	1652.00	1657.00	1643.00	1648.00
Forward	1421.00	1422.00	1412.00	1415.00

	High	Low	Close	Chge	Opint
Financial					
US T BILLS (CMER) $1 million- pts of 100 pct.					
Dec 97	94.97	94.96	94.97	+0.01	4,832
Mar 98			94.98	+0.03	2,365
Jun 98			94.91	+0.02	100
Est. sales 243 Fri's sales 705					
Fri's open int 7,287, up 436					
5 YR TREASURY (CBOT) $100,000 prin- pts & 64ths of 100 pct					
Dec 97	107-27	107-28	107-26	+ 08	228,399
Est. sales 16,300 Fri's sales 22,362					
Fri's open int 228,399, off 7,104					
10 YR TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Dec 97	110-17	110-09	110-16	+ 07	367,638
Mar 98	110-05	110-02	110-05	+ 07	11,797
Jun 98			109-26	+ 07	1
Est. sales 50,005 Fri's sales 69,109					
Fri's open int 386,450, off 1,671					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Dec 97	116-02	115-19	115-31	+ 10	580,091
Mar 98	115-23	115-17	115-21	+ 09	36,165
Jun 98	115-10	115-09	115-10	+ 10	2,107
Sep 98			115-00	+ 09	1,906
Est. sales 225,000 Fri's sales 307,218					
Fri's open int 641,665, off 2,220					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Sep 97	118-19	118-01	118-12	+0-13	4,764
Dec 97	118-04	117-13	117-27	+0-13	168,909
Est. sales: 65,833 Prev. sales: 60,505					
Prev. open int.: 173,673 off 2,847					
GERMAN GOV. BUND (LIFFE) DM250,000 - pts of 100 pct					
Dec 97	102.80	102.48	102.68	+0.09	276,596
Mar 98	101.87	101.87	101.93	+0.10	1,432
Est. sales: 125,737 Prev. sales: 113,785					
Prev. open int.: 278,028 off 2,804					

	High	Low	Latest	Chge	Opint
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Dec 97	99.80	99.56	99.64	Unch.	133,698
Mar 98	99.08	99.08	99.00	Unch.	2,130
Est. sales: 74,516.					
Open int.: 135,828 off 1,653.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Dec 97	112.39	111.73	112.15	+0.53	117,889
Mar 98	111.90	111.90	112.05	+0.53	922
Est. sales: 57,578. Prev. sales: 52,036					
Prev. open int.: 118,811 off 2,951					
LIBOR 1-MONTH (CMER) $3 million- pts of 100 pct.					
Oct 97	94.37	94.37	94.37	unch.	28,166
Nov 97	94.34	94.33	94.33	unch.	28,809
Dec 97	94.18	94.18	94.18	unch.	7,755
Est. sales 1,193 Fri's sales 5,115					
Fri's open int 68,702, up 1,494					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Oct 97	94.26	94.25	94.25	unch.	23,113
Dec 97	94.20	94.18	94.19	unch.	584,312
Mar 98	94.14	94.11	94.14	+0.02	396,569
Jun 98	94.06	94.04	94.06	+0.02	304,873
Sep 98	93.98	93.96	93.98	+0.03	234,292
Dec 98	93.88	93.85	93.87	+0.03	205,216
Mar 99	93.86	93.84	93.85	+0.02	143,100
Jun 99	93.81	93.79	93.81	+0.03	112,531
Sep 99	93.78	93.76	93.77	+0.02	96,226
Dec 99	93.72	93.69	93.71	+0.03	80,622
Mar 00	93.72	93.70	93.71	+0.03	70,058
Jun 00	93.69	93.67	93.68	+0.03	56,544
Est. sales 176,656 Fri's sales 213,041					
Fri's open int 2,617,665, off 536					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Dec 97	1.6066	1.5936	1.5984	-0.0074	28,157
Mar 98	1.5930	1.5920	1.5920	-0.0076	236
Jun 98			1.5860	-0.0076	27
Est. sales 4,121 Fri's sales 4,175					
Fri's open int 28,420, off 289					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Dec 97	.7244	.7234	.7236	+0.0005	46,804
Mar 98	.7276	.7270	.7269	+0.0005	1,487
Jun 98	.7300	.7292	.7292	+0.0005	376
Est. sales 3,408 Fri's sales 7,116					
Fri's open int 48,789, off 508					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Dec 97	.5675	.5593	.5614	-0.0046	56,755
Mar 98	.5648	.5625	.5645	-0.0047	2,250
Jun 98			.5674	-0.0048	2,513
Est. sales 21,878 Fri's sales 21,235					
Fri's open int 61,618, up 3,394					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Dec 97	.8318	.8223	.8300	+0.0022	72,560
Mar 98	.8418	.8350	.8411	+0.0022	808
Jun 98			.8523	+0.0022	165
Est. sales 21,008 Fri's sales 25,458					
Fri's open int 73,534, off 2,768					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Dec 97	.6917	.6843	.6866	-0.0033	37,706
Mar 98	.6953	.6911	.6935	-0.0034	1,202
Jun 98	.7024	.7024	.7002	-0.0035	163
Est. sales 11,581 Fri's sales 9,236					
Fri's open int 39,177, off 894					
MEXICAN PESO (CMER) 500,000 pesos, $ per peso					
Dec 97	.12530	.12470	.12485	+0.00050	25,625
Mar 98	.12070	.12040	.12040	+.00071	6,868
Jun 98	.11670	.11660	.11660	+.00106	1,689
Est. sales 5,327 Fri's sales 5,055					
Fri's open int 35,041, up 640					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Dec 97	92.59	92.55	92.58	+0.01	133,805
Mar 98	92.62	92.57	92.59	—0.02	107,604
Jun 98	92.70	92.65	92.69	—0.01	91,436
Sep 98	92.84	92.78	92.82	Unch.	67,033
Dec 98	92.98	92.92	92.97	+0.03	57,541
Mar 99	93.11	93.04	93.09	+0.04	61,360
Jun 99	93.18	93.10	93.17	+0.05	39,404
Est. sales: 90,604. Prev. sales: 79,172					
Prev. open int.: 635,869 off 76					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Oct 97	96.59	96.58	96.58	Unch.	5,039
Nov 97	N.T.	N.T.	96.51	—0.01	471
Dec 97	96.41	96.37	96.40	—0.01	295,550
Mar 98	96.19	96.14	96.17	—0.02	286,872
Jun 98	95.96	95.89	95.94	—0.02	239,568
Sep 98	95.78	95.71	95.75	—0.03	175,895
Dec 98	95.58	95.52	95.56	—0.03	158,804
Mar 99	95.43	95.38	95.41	—0.03	148,829
Jun 99	95.28	95.22	95.27	—0.02	73,865
Sep 99	95.14	95.09	95.13	—0.02	61,113
Dec 99	94.99	94.95	94.99	—0.01	58,473
Est. sales: 215,045. Prev. sales: 230,915					
Prev. open int.: 1,563,526 up 4,777					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Dec 97	96.40	96.37	96.37	— 0.04	39,157
Mar 98	96.18	96.12	96.12	— 0.06	32,187
Jun 98	95.99	95.91	95.92	— 0.07	26,741
Sep 98	95.80	95.75	95.76	— 0.06	23,993
Dec 98	95.64	95.59	95.60	— 0.06	26,701
Est. sales: 65,856.					
Open int.: 207,696 up 2,785.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Dec 97	94.13	94.00	94.08	+0.09	94,612
Mar 98	94.92	94.75	94.82	+0.11	82,210
Jun 98	95.23	95.04	95.10	+0.06	74,942
Sep 98	95.21	95.12	95.15	+0.04	48,868
Dec 98	95.17	95.11	95.13	+0.03	40,721
Mar 99	95.09	95.03	95.05	+0.03	20,968
Est. sales: 157,776. Prev. sales: 127,826					
Prev. open int.: 374,055 up 7,228					

	High	Low	Latest	Chge	Opint
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Oct 97	73.25	71.85	71.96	-1.31	3,035
Dec 97	73.55	72.70	72.81	-0.62	48,930
Mar 98	74.69	73.95	74.03	-0.61	14,341
May 98	75.35	74.67	74.75	-0.54	6,266
Jul 98	75.60	75.26	75.36	-0.32	5,848
Est. sales N.A. Fri's sales 5,010					
Fri's open int 86,826, off 527					
HEATING OIL (NMER) 42,000 gal, cents per gal					
Oct 97	55.20	53.50	54.73	+1.08	30,806
Nov 97	56.00	54.55	55.57	+1.02	34,798
Dec 97	56.85	55.47	56.42	+0.92	24,959
Jan 98	57.45	56.30	57.02	+0.72	21,409
Feb 98	57.45	56.50	57.17	+0.67	12,160
Mar 98	56.90	56.00	56.52	+0.52	9,088
Apr 98			55.22	+0.60	4,768
Est. sales N.A. Fri's sales 17,864					
Fri's open int 151,806, off 447					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Nov 97	19.87	19.53	19.74	+0.21	94,634
Dec 97	19.97	19.61	19.84	+0.23	59,788
Jan 98	19.96	19.70	19.87	+0.22	35,819
Feb 98	19.98	19.76	19.88	+0.22	17,836
Mar 98	19.98	19.78	19.88	+0.21	10,484
Apr 98	20.00	19.89	19.89	+0.20	8,916
Est. sales N.A. Fri's sales 71,312					
Fri's open int 404,183, off 3,537					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Oct 97	3.000	2.870	2.993	+0.156	45,737
Nov 97	3.080	2.970	3.075	+0.145	43,485
Dec 97	3.150	3.050	3.140	+0.120	26,582
Jan 98	3.125	3.045	3.125	+0.121	25,393
Feb 98	2.790	2.740	2.780	+0.030	16,793
Mar 98	2.480	2.450	2.475	+0.051	11,360
Est. sales N.A. Fri's sales 63,007					
Fri's open int 245,444, off 149					
UNLEADED GASOLINE (NMER) 42,000 gal, cents per gal					
Oct 97	59.45	57.40	58.58	+0.63	24,422
Nov 97	57.50	55.75	56.85	+1.09	29,394
Dec 97	56.85	55.50	56.40	+0.87	14,784
Jan 98	56.75	55.70	56.45	+0.82	13,687
Feb 98	57.30	56.85	56.85	+0.77	4,815
Mar 98			57.55	+0.77	5,717
Apr 98			60.40	+0.79	3,985
May 98			60.30	+0.79	1,781
Est. sales N.A. Fri's sales 26,253					
Fri's open int 103,367, off 1,038					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Oct 97	170.50	165.75	169.75	+3.25	25,446
Nov 97	171.75	168.50	171.00	+3.00	15,485
Dec 97	173.25	169.50	172.50	+2.75	17,618
Jan 98	174.50	171.50	174.00	+2.50	12,855
Feb 98	174.50	172.25	174.25	+2.50	7,442
Mar 98	N.T.	N.T.	172.75	+2.00	4,813
Apr98	N.T.	N.T.	171.25	+1.75	2,321
Est. sales: 13,620. Prev. sales: 5,784					
Prev. open int.: 94,978 up 790					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Nov97	18.74	18.48	18.63	+0.23	73,929
Dec97	18.81	18.58	18.72	+0.20	24,891
Jan98	18.84	18.62	18.76	+0.18	21,176
Feb98	18.85	18.70	18.75	+0.17	7,982
Mar 98	N.T.	N.T.	18.70	+0.17	3,999
Apr 98	N.T.	N.T.	18.66	+0.17	2,323
Est. sales: 34,734. Prev. sales: 20,647					
Prev. open int.: 144,630 up 1,852					
Stock Indexes					
SP COMP INDEX (CMER) 500 x index					
Dec 97	972.20	959.80	965.40	+4.80	186,628
Mar 98	982.50	974.00	977.40	+6.35	2,872
Jun 98			981.60	unch.	729
Est. sales N.A. Fri's sales 52,889					
Fri's open int 228,827, off 2,015					
FTSE 100 (LIFFE) £25 per index point					
Dec 97	5187.0	5102.0	5165.0	+67.0	63,289
Mar 98	N.T.	N.T.	5209.0	+68.0	1,806
Est. sales: 8,335. Prev. sales: 21,205					
Prev. open int.: 83,550 up 203					
CAC 40 (MATIF) FF200 per index point					
Sep 97	3035.0	3001.0	3030.0	+45.0	37,531
Oct 97	3040.0	3010.0	3036.5	+45.0	9,807
Nov 97	3045.5	3033.5	3044.0	+45.0	3,987
Dec 97	3054.0	3025.0	3053.0	+45.5	6,519
Est. sales: 23,194.					
Open int.: 80,355 up 335.					

Commodity Indexes

	Close	Previous
Moody's	1,551.30	1,560.40
Reuters	1,917.90	1,915.60
D.J. Futures	146.69	147.32
CRB	240.91	240.72

Sources: Matif, Associated Press, London Int'l Financial Futures Exchange, Int'l Petroleum Exchange.

Kia Seeks Protection From Creditor Banks

Group Wants Loan Payments Frozen

Compiled by Our Staff From Dispatches

SEOUL — Kia Group asked a court Monday to freeze loan payments at four of its units and override a demand by creditors that its executives resign as it tries to avert what would be South Korea's largest bankruptcy.

In a showdown with bankers, Kia, the country's eighth-largest industrial group, or *chaebol*, said it needed more time to dig out from under $10 billion of debt. A grace period on its loans expires next week, and creditors said they would not provide new loans unless Kia's chairman, Kim Sun Hong, and other executives stepped down.

"Without court mediation, the Kia Group is certain to default on its debt payments when the grace period ends Sept. 29," said a spokesman for Kia, which is the parent company of Korea's third-largest carmaker and had sales of $13 billion last year.

Kia sought special protection in order to keep Kim Sun Hong in place," said Lee Jung Ja, head of research at HSBC James Capel.

Creditors also have demanded that Kia's unions agree in writing to a wage freeze and work-force reduction as conditions for the loans.

Korea First Bank and other creditors must now decide whether to back Kia's plan or allow the group to default, saddling them with billions of dollars in bad loans. Analysts said Kia might be too big for the banks to allow it to fail. Kia employs 60,000 people, and last year its sales equaled 2.6 percent of the country's total output.

Whatever the outcome of the negotiations, analysts predict a bleak future for Kia Motors.

"Kia will be trying to sell cars in a very competitive domestic market," said Henry Morris, Coryo Securities' managing director. "Its access to technology will be limited. It's going to be harder and harder for little Kia to make its way."

In August, Kia Motors' auto exports fell 48.3 percent to 20,726 units from 40,110 units in July as banks refused to discount the company's deposit accounts. Deposit accounts are used by exporters to procure advance payments on export sales from banks.

Chaebol have been running into trouble because of mounting debt and the country's slowing economy. The Hanbo and Sammi groups went bankrupt this year, leaving banks with billions of dollars in debt, and Jinro Group — South Korea's largest liquor maker — asked for court mediation.

A spokesman for Korea First Bank, Kia's largest creditor, said the bank would decide what to do after discussing the issue with other creditors.

A Kia spokesman said court mediation also had been sought for four of the group's 15 units — Kia Motors Co., Asia Motors Co., Kia Steel Co. and Kia Inter Trade. Separately, the group asked for court protection for Kisan Co., meaning the construction unit would be put on sale by the court.

As Kia asked for the court's help, the Korean stock exchange suspended trading in the four units' shares. *(Bloomberg, Reuters)*

Southeast Asians Stay Home

Bloomberg News

SINGAPORE — Elly Muliadi used to come to Singapore at least once a year from her home in Jakarta to seek specialty medical care at the island state's hospitals.

Now she is not sure she can afford to do that anymore. Two months ago, she put up about 1,703 rupiah for a Singapore dollar; she now has to pay about 16 percent more, or 1,979 rupiah.

"We have to think twice before coming here," she said. If it is not a medical emergency, "we see doctors back in Indonesia."

Across Southeast Asia, people are beginning to stay home — Malaysia is even discouraging its citizens from vacationing abroad — as the region's currency turmoil begins to bite. That is bad news for Singapore, which presents itself as the region's health-care hub, a shoppers' paradise and a take-off point for travelers to international destinations.

It will not be long before Singapore companies start feeling the pain, some analysts say.

The usually packed hallways along doctors' offices at Mount Elizabeth Medical Center, the flagship hospital of Parkway Holdings Ltd., for example, have never been so empty, nurses said.

"We haven't seen this kind of severe pressure on the rupiah in quite a few years," said Song Seng Wun, regional economist at ABN Amro Hoare Govett Securities (Singapore) Pte. "It will have an impact at the end of the day."

Still, there is optimism here that Singapore's services will remain a draw to people in neighboring countries.

"The currency situation has not noticeably affected our business," said Dr. C. K. Loo, chairman of Raffles Medical Group. "People who come from overseas have real needs and continue to come to us for medical treatment."

The Indonesian rupiah has fallen 28 percent this year against the U.S. dollar, while the Malaysian ringgit is down 23 percent and the Thai baht has plunged 41 percent. The currency crisis has also weakened the Singapore dollar. But Singapore — which is the only country in the region with a trade surplus — has seen its currency drop just 9 percent against the U.S. dollar.

The currency crisis may hurt Singapore retailers, who are already struggling in the face of tough competition among the city-state's large shopping malls.

And now, with clothing, shoes and even food costing more here compared with other parts of the region, it looks like tourists from neighboring nations will keep a tighter grip on their credit cards.

"It'll prolong the drought in the retail sector in Singapore," Mr. Song of ABN Amro said.

Most likely to be affected are department store operators such as Robinson & Co. or C.K. Tang Ltd., analysts say, because middle-income visitors would be the first to feel the effects of the currency crisis.

The currency crisis has also battered stock markets and cut the value of investments in foreign-currency terms.

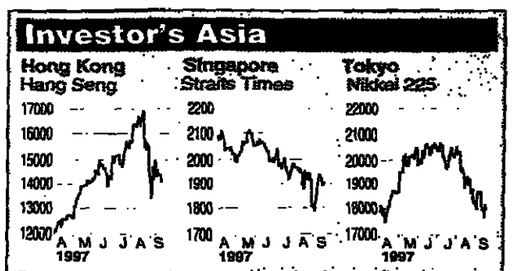
That could hurt the bottom line of high-end retailers.

"When these luxury goods retailers don't have any boutiques in Indonesia, it means they'd expect a reduction in sales here," said Kerryn Tay, investment analyst at G. K. Goh Stockbrokers Pte. Ltd.

Even if the retailers have outlets throughout the region, "whatever gains will also be muted by exchange rates," the analyst said.

All this could contribute to a slowdown in the Singapore economy, which is closely tied to those of its neighbors through trade and competition for investment.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	14,166.58	14,384.13	-1.52
Singapore	Straits Times	1,908.28	1,894.75	+0.71
Sydney	All Ordinaries	2,764.90	2,750.40	+1.26
Tokyo	Nikkei 225	18,201.32	18,058.20	+0.79
Kuala Lumpur	Composite	760.50	787.84	-3.47
Bangkok	SET	523.86	523.30	+0.10
Seoul	Composite Index	668.45	679.97	-1.69
Taipei	Stock Market Index	8,220.99	8,201.21	+0.21
Manila	PSE	2,096.23	2,078.57	+0.85
Jakarta	Composite Index	535.60	531.08	+0.85
Wellington	NZSE-40	2,573.61	2,568.60	+0.20
Bombay	Sensitive Index	3,770.99	3,825.12	-1.42

Source: Telekurs International Herald Tribune

Very briefly:

- **Fujitsu Ltd.** said it would sponsor a World Wide Web site focusing on the international space industry with special emphasis on Japan. The site, at www.spacer.com, will feature daily and weekly reports from Tokyo, Washington and Harvard University.
- **Aoki Corp.'s** shares plunged 38 percent as fears about bankruptcies spread to the medium-sized Japanese construction company. A squeeze on public spending is putting a strain on construction companies of Aoki's size.
- **China** will need 697 million tons of grain to feed its people by 2020, but it must raise investment in infrastructure, agricultural research and land and water development, the World Bank said. China is likely to produce 90 percent of this requirement domestically if it makes investments on time, the bank said.
- **Asian Paints (India) Ltd.**, India's largest paint company, said it was determined to stop Britain's Imperial Chemical Industries PLC from buying "even a single share" in the company. Asian Paints called ICI's attempt to buy nearly 10 percent of the company a hostile takeover bid.
- **PT Pertamina,** the Indonesian state oil and gas company, signed exploration and production agreements with seven oil companies, including **Unocal Corp.**
- **New Zealand's** deputy prime minister, Winston Peters, voiced support for China's bid to enter the World Trade Organization, saying Wellington would assist where it could in helping China become a member, "hopefully sometime next year." *Bloomberg, AFP*

Japan and Hong Kong Back Regional Rescue Fund

Agence France-Presse

HONG KONG — Southeast Asia's plans for a regional fund to complement International Monetary Fund programs gathered steam Monday, on the eve of global monetary talks, despite Western reservations.

The fund, which won the backing of Japan and Hong Kong, could amount to as much as $100 billion "in the long run" with the inclusion of most Asian countries, the Thai finance minister, Thanong Bidaya, said. He said details still were being worked out and said it was important to seek broad agreement first on the principle of the fund, which he said would complement rather than rival the IMF and its programs of assistance.

Yves-Thibault de Silguy, the European Union's commissioner for monetary affairs, predicted that the proposal would succeed.

"They'll do it — Japan and Hong Kong want it," Mr. de Silguy said.

The Japanese finance minister, Hiroshi Mitsuzuka, and the Hong Kong financial secretary, Donald Tsang, agreed Monday to jointly promote a plan to create some type of regional facility to help countries in the region that encounter financial or economic problems.

Sources said Japan, emerging as the driving force of the plan, also planned to call on China and South Korea to join the regional fund.

Members of the Association of South East Asian Nations, whose currency and stock markets have been swept by turmoil since early July, want Japan to be a major contributor to the so-called Asia Facility, originally christened the ASEAN Fund. ASEAN comprises Malaysia, Indonesia, Thailand, Brunei, Vietnam, the Philippines and Singapore.

The fund would serve as a buffer against financial crises of the kind that erupted after the July 2 flotation of the Thai baht, according to advocates of the plan.

They say it would be aimed at financially supporting participating countries if they developed a shortage of foreign-currency reserves during any regional currency crisis.

Automakers In Japan See Exports Soar

Bloomberg News

TOKYO — Japan's four biggest automakers have reported increasing exports 49 percent on average in August as sales slumped for the fifth straight month at home, where weak consumer demand is hobbling the economic recovery.

Car factories in Japan are feeding the biggest surge in exports in more than a decade as the weak yen and popular models fuel demand abroad.

Honda Motor Co. pushed up exports to the United States by 148.7 percent compared with the same month the year before, to 23,449, while Toyota Motor Corp., Nissan Motor Co. and Mitsubishi Motors Corp. focused on Europe and other regions.

ASIAN CAPITAL HOLDINGS FUND
20, Boulevard Emmanuel Servais, L-2535 Luxembourg
R.C. Luxembourg B 43 100

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that an Extraordinary General Meeting of the Shareholders of ASIAN CAPITAL HOLDINGS FUND will be held at the registered office of the Company on 14th October 1997 at 4:00 pm with the following agenda:

1. To consider and if thought fit to resolve that the co-ordinated version of the Articles of Incorporation dated April 29, 1996, be amended so that the first line of Article 17 must read as follows:
"The corporation shall indemnify any Director or ..."
2. Translation of the first line of Article 17 of the Articles of Incorporation into French.
3. Any other business.

The shareholders are advised that a quorum of 50 % is required for the item of the agenda of the Extraordinary General Meeting and that decision will be taken at the majority of the two thirds of the shares present or represented at the meeting. Each share is entitled to one vote. A shareholder may act at any meeting by proxy.

For the Fund

Banque de Gestion Edmond de Rothschild Luxembourg
Société Anonyme
20, Bd Emmanuel Servais
L-2535 Luxembourg

FIDELITY FUNDS
Société d'Investissement à Capital Variable
Kansallis House, Place de l'Etoile,
B.P. 2174, L-1021 Luxembourg
RC Luxembourg B 34036

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Fidelity Funds ("the Fund") will be held at the registered office of the Fund in Luxembourg on Thursday 2nd October 1997 at noon to consider the following agenda:

1. Presentation of the Report of the Board of Directors
2. Presentation of the Report of the Auditors
3. Approval of the balance sheet and income statement for the financial year ended 30th April 1997
4. Discharge to the Board of Directors
5. Election of nine (9) Directors, specifically the re-election of the following eight (8) present Directors: Messrs. Edward C. Johnson 3d, Barry R. J. Bateman, Charles T. M. Collis, Sir Charles A. Fraser, Jean Hamilius, Glen R. Moreno, David J. Saul and Helmert Frans van den Hoven, and the election of one (1) additional Director Fidelity Investments Luxembourg S.A.
6. Approval of the payment of directors' fees for the period ended 30th April 1997
7. Election of the Auditors, specifically the election of Coopers & Lybrand S.C., Luxembourg
8. Approval of the payment of dividends for the year ended 30th April 1997 and authorisation to the Board of Directors to declare further dividends in respect of the financial year ended 30th April 1997 if necessary to enable the Fund to qualify for 'distributor status' under United Kingdom and Irish tax laws
9. Consideration of such other business as may properly come before the meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares by US persons or of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may attend and vote at the meeting or may appoint a proxy to attend and vote. Such proxy need not be a shareholder of the Fund.

Holders of Registered Shares may vote by proxy by returning to the registered office of the Fund the form of registered shareholder proxy sent to them.

Holders of Bearer Shares who wish to attend the Annual General Meeting or vote at the Meeting by proxy should contact the Fund, or one of the following institutions:

in Luxembourg
Fidelity Investments Luxembourg S.A.
Kansallis House
Place de l'Etoile, B.P. 2174
L-1021 LUXEMBOURG

in the United Kingdom
Fidelity Investments International
Oakhill House
130 Tonbridge Road
Hildenborough
KENT TN 11 9DZ

in Ireland
Bradwell Limited
41-45 St. Stephen's Green
DUBLIN 2

Bankers Trust Luxembourg S.A.
14, bd. F.D. Roosevelt
L-2450 LUXEMBOURG

in Norway
Oslo Finans As
P.O. Box 1543 Vika
N-0117 OSLO

in Sweden
Svenska Handelsbanken
Blasieholmstorg, 12
10670 STOCKHOLM

To be valid, proxies must reach the registered office of the Fund on the 29th September, 1997 at 12.00 (Luxembourg time) at the latest.

Dated: 16th July 1997
By Order of the Board of Directors

Fidelity Investments™

FIDELITY FUNDS
Société d'Investissement à Capital Variable
Kansallis House, Place de l'Etoile,
B.P. 2174, L-1021 Luxembourg
RC Luxembourg B 34036

NOTICE OF EXTRAORDINARY GENERAL MEETING

The shareholders of Fidelity Funds (the "Corporation") are hereby convened to an Extraordinary General Meeting of shareholders to be held on 2nd October 1997 at the registered office at Kansallis House, Place de l'Etoile, in Luxembourg at 1.00 p.m. (Luxembourg time) with the following agenda:

1. To amend the Articles of the Corporation as follows:

a. Investments through subsidiary companies

Inclusion of the following sentence in Article 15:

"Investments of the Corporation may be made either directly or indirectly through subsidiaries, as the board of directors may from time to time decide. Reference in these Articles to "investments" and "assets" shall mean, as appropriate, either investments made and assets beneficially held directly or investments made and assets beneficially held indirectly through the aforesaid subsidiaries."

and amendment of the list of cases of suspension of the calculation of the net asset value contained in Article 22 by adding thereto:

"(f) while the net asset value of any subsidiary of the Corporation may not be determined accurately."

b. Provisions relating to mergers of funds within Fidelity Funds and mergers of specific funds of Fidelity Funds with other collective investment undertakings:

Inclusion of the following provisions in the Articles of Incorporation which, together with the two last paragraphs of Article 21, will constitute an Article 21bis:

"The general meeting of holders of shares of a class or several classes may also decide to allocate the assets of such class or classes of shares to those of another existing class of share and to redesignate the shares of the class or classes concerned as shares of another class (following a split or consolidation, if necessary and the payment of the amount corresponding to any fractional entitlement to shareholders or the allocation, if so resolved, of rights to fractional entitlements pursuant to the last paragraph of Article 6 of the Articles of Incorporation). Such a class meeting may also resolve to contribute the assets and liabilities attributable to such class or classes to another undertaking for collective investment against issue of shares of such other undertakings for collective investment to be distributed to the holders of shares of the class or classes concerned.
Such decision will be published by the Corporation and such publication will contain information in relation to the new class or the relevant undertaking for collective investment.
Such publication will be made within one month before the date on which such merger shall become effective in order to enable holders of such shares to request redemption thereof, free of charge, before the implementation of any such transaction.
There shall be no quorum requirements for the general meeting deciding upon a consolidation of several classes of shares within the Corporation and any resolution on this subject may be taken by simple majority. Resolutions to be passed by any such class meeting with respect to a contribution of the assets and of the liabilities attributable to any class or classes to another undertaking for collective investment shall be subject to the quorum and majority requirements referred to in Article 29 of these Articles, except when a merger is to be implemented with a mutual investment fund (fonds commun de placement) or a foreign based undertaking for collective investment, in which case the resolutions shall only be binding upon such shareholders who shall have voted in favour of the merger proposals."

c. Possibility to issue several classes of shares in respect of which the expenses and fee structures may be different and redefinition of the rules of allocation of assets and liabilities to the share classes

Amendment of the first sentence of Article 22 to read as follows:

"Whenever the Corporation shall redeem shares of the Corporation, the price per share shall be equal to the Net Asset Value per share of the relevant class as defined herein less any charge provided for in Article 21 and any deferred sales charge as may have been provided by the sales documents issued by the Corporation."

To amend section F. of Article 22 to read as follows:

"F. The Directors shall establish a pool of assets for one or more classes of shares in the following manner:

a) the proceeds from the issue of one or several classes of shares shall be applied in the books of the Corporation to the pool of assets established for the class or classes of shares, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such pool subject to the provisions of this Article;

b) if within any pool class specific assets are held by the Corporation for a specific class of shares, the value thereof shall be allocated to the class concerned and the purchase price paid therefor shall be deducted, at the time of acquisition, from the proportion of the other net assets of the relevant pool which otherwise would be attributable to such class;

c) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Corporation to the same pool or, if applicable, the same class of shares as the asset from which it was derived and on each revaluation of an asset, the increase or diminution in value shall be applied to the relevant pool and/or class;

d) where the Corporation incurs a liability which relates to any asset attributable to a particular pool or class of shares or to any action taken in connection with an asset attributable to a particular pool or class of shares, such liability shall be allocated to the relevant pool and/or class of shares, provided that all liabilities, whatever pool or class they are attributable to, shall unless otherwise agreed upon with the creditors be binding upon the Corporation as a whole;

e) in the case where any asset or liability of the Corporation cannot be considered as being attributable to a particular pool or class of shares, such asset or liability shall be equally divided between all the pools or, insofar as justified by the amounts, shall be allocated to the pools or, as the case may be, the classes, prorata to the net asset values;

f) upon the record date for determination of the person entitled to any dividend declared on any class of shares, the net asset value of such class of shares shall be reduced by the amount of such dividends;

g) upon the payment of an expense allocable to a specific pool or a particular class of shares, the amount thereof shall be deducted from the assets of the pool concerned and, if applicable, from the proportion of the net assets attributable to the class concerned."

d. Pooling

Insertion of an Article 22bis, which shall read as follows:

"1. The Board of Directors may invest and manage all or any part of the pools of assets established for two or more classes of shares referred to in section F. of Article 22 (hereafter referred to as "Participating Funds") on a pooled basis where it is appropriate with regard to their respective investment sectors to do so. Any such enlarged asset pool ("Asset Pool") shall first be formed by transferring to it cash or (subject to the limitations mentioned below) other assets from each of the Participating Funds. Thereafter the Directors may from time to time make further transfers to the Asset Pool. They may also transfer assets from the Asset Pool to a Participating Fund, up to the amount of the participation of the Participating Fund concerned. Assets other than cash may be allocated to an Asset Pool only where they are appropriate to the investment sector of the Asset Pool concerned.

2. The assets of the Asset Pool to which each Participating Fund shall be entitled, shall be determined by reference to the allocations and withdrawals of assets by such Participating Funds and the allocations and withdrawals made on behalf of the other Participating Funds.

3. Dividends, interests and other distributions of an income nature received in respect of the assets in an Asset Pool will be immediately credited to the Participating Funds, in proportion to their respective entitlements to the assets in the Asset Pool at the time of receipt."

MISCELLANEOUS

Shareholders are advised that a quorum of 50% of the shares outstanding of the Corporation present or represented is required in order to constitute a valid meeting and the resolutions must be carried by a majority of two-thirds of the shares present or represented at the meeting.

Subject to the limitations imposed by the Board of Directors with regard to the ownership of shares by US persons and the limitations imposed by the Articles of Incorporation of the Corporation relating to ownership of shares which constitute in the aggregate more than 3% of the outstanding shares in the Corporation, each share is entitled to one vote. A shareholder may attend and vote at the meeting or may appoint a proxy to attend and vote. Such proxy need not be a shareholder.

Holders of Registered Shares may vote by proxy by returning to the registered office of the Fund the form of registered shareholder proxy sent to them.

In order to take part at this Extraordinary General Meeting, owners of bearer shares should contact the Corporation or deposit their shares five clear days before the meeting with one of the following institutions:

in Luxembourg
Fidelity Investments Luxembourg S.A.
Kansallis House
Place de l'Etoile, B.P. 2174
L-1021 LUXEMBOURG

in the United Kingdom
Fidelity Investments International
Oakhill House
130 Tonbridge Road
Hildenborough
KENT TN 11 9DZ

in Ireland
Bradwell Limited
41-45 St. Stephen's Green
DUBLIN 2

Bankers Trust Luxembourg S.A.
14, bd. F.D. Roosevelt
L-2450 LUXEMBOURG

in Norway
Oslo Finans As
P.O. Box 1543 Vika
N-0117 OSLO

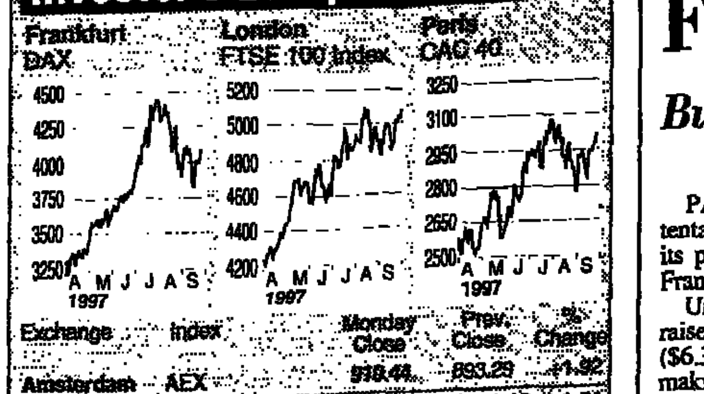
in Sweden
Svenska Handelsbanken
Blasieholmstorg, 12
10670 STOCKHOLM

To be valid, proxies must reach the registered office of the Corporation on the 29th September, 1997 at 12.00 (Luxembourg time) at the latest.

Dated: 16th July 1997
By Order of the Board of Directors

Fidelity Investments™

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	910.44	893.29	+1.92
Brussels	BEL-20	2,414.30	2,389.42	+1.04
Frankfurt	DAX	4,088.92	4,032.97	+1.39
Copenhagen	Stock Market	617.82	617.12	+0.11
Helsinki	HEX General	3,554.09	3,505.41	+1.39
Oslo	OBX	702.07	699.09	+0.43
London	FTSE 100	5,075.70	5,023.80	+1.03
Madrid	Stock Exchange	622.41	609.65	+2.09
Milan	MIBTEL	15842	15229	+4.03
Paris	CAC 40	3,017.45	2,977.18	+1.35
Stockholm	SX 16	3,484.13	3,398.86	+2.53
Vienna	ATX	1,408.39	1,388.44	+1.44
Zurich	SPI	3,645.96	3,593.30	+1.47

Source: Telekurs — International Herald Tribune

Very briefly:

- **Deutsche Lufthansa AG** was ordered to alter its frequent-flier plan after a regional carrier, **Eurowings**, complained that the program violated restrictions on anti-competitive rebates, German competition authorities said.
- **Prague's** stock exchange said it would delist 302 lightly traded stocks beginning Oct. 1, bringing the number of stocks taken off the exchange since last December to 1,314.
- **Morocco** will merge three state-owned sugar plants that are scheduled to be privatized into a single company, **Sucrerie Raffinerie du Tadla**, a Trade Ministry official said.
- **German** prosecutors said their investigation into tax-evasion charges against **Leo Kirch** had produced no evidence to justify taking the media executive into investigative custody.
- **Hannover Rueckversicherungs AG** said it would buy the main part of **Skandia Insurance AB's** international reinsurance business for 245 million Deutsche marks ($137.4 million).
- **ASLK-CGER Bank**, a banking and insurance company, said it planned to cut costs by trimming as many as 1,000 employees, about 11 percent of its work force, in the next three years.

Bloomberg, Reuters

French Sales Slump Hits Peugeot

Bloomberg News

PARIS — PSA Peugeot Citroen SA said Monday that its first-half net income fell 6.3 percent as a plunge in domestic car sales canceled out higher sales abroad.

The carmaker earned 564 million French francs ($94.4 million) in the half, down from 602 million francs a year earlier. Peugeot said last month that first-half sales rose 6.3 percent, to 94.64 billion francs. Peugeot's shares closed at 783 francs, up 16.

France Telecom Priced

But Range Is Higher Than Some Hoped

Compiled by Our Staff From Dispatches

PARIS — The government set a tentative price range Monday for its planned sale of 20 percent of France Telecom's shares.

Under the pricing, France could raise as much as 38 billion francs ($6.36 billion) in the stake sale, making it larger than the partial privatization of the oil company Elf Aquitaine in 1994, which raised 35.7 billion francs.

The government set an indicated price range for each France Telecom share of 170 to 190 francs, with investors able to reserve shares Tuesday. The final price is expected to be announced Oct. 6.

The stock is to start trading Oct. 20 on the Paris and New York exchanges.

The tentative price range was in line with analysts' predictions, which had valued the company's 1 billion shares at 150 to 230 francs each. But some investors had expected the shares to be less expensive, given the government's refusal to relinquish majority control and the glut of competing European telecommunications offerings, including Telecom Italia SpA and Portugal Telecom SA.

The previous French government wanted to keep a 51 percent stake in the company, compared with the 62 percent the current Socialist-led government plans to retain. Analysts said the higher degree of state ownership should have translated into a discount on the share price because of the greater control it implies.

"We're going to fight for the shares to be priced at the low end of the range," said Anne Meniel of Groupama Asset Management.

The Finance Ministry said it would sell 75 million shares in a fixed-price offer on the market and place another 115 million shares with French and foreign institutional investors.

Banks handling the sale will have an additional 16 million shares at their disposal to sell to institutional investors.

Private investors will get a discount of 5 francs a share on the final institutional price.

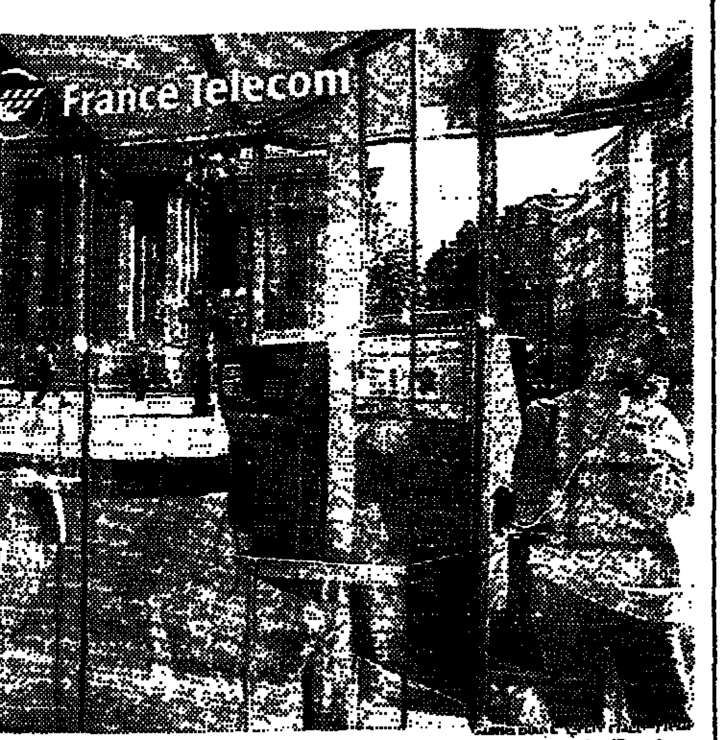
Former and current employees of France Telecom will be offered 21 million shares under more advantageous terms.

The government has said that the sale will allow France Telecom to strengthen its relationship with foreign partners. Toward that goal, it will offer an additional 5 percent to 10 percent of shares in a stock swap with Deutsche Telekom AG, France Telecom's international partner.

France Telecom has said the share swap will occur in the second half of 1998, with its terms to be set by the end of this year.

Deutsche Telekom said Monday it had begun talks with France Telecom about the stock swap but that the talks had not yet yielded an agreement.

Forty percent to 50 percent of France Telecom's net profit will be distributed to shareholders through dividend payments, the company said. *(Reuters, Bloomberg)*



France Telecom in use Monday in front of the Bourse in Paris.

Russia Sets Ruble-Only Shop Policy

Hard-Currency Ban To Take Effect Nov. 1

Reuters

MOSCOW — Russia is banning the use of hard currency in cash and credit-card transactions in the country as of Nov. 1 to try to increase the use of the ruble.

The central bank's deputy chairman, Alexander Turbanov, said Monday that the central bank had stabilized the ruble against the dollar and that the amount of hard currency received as payment in shops had fallen sharply in recent years.

"All this has allowed us to conclude that further hard-currency usage in domestic payments is not expedient," he said.

Mr. Turbanov said the order, which regulates the use of credit cards, would not affect duty-free shops or prevent individuals from opening bank accounts in hard currency.

Cash payments in hard currency were banned three years ago, but it is still possible to make purchases in dollars via credit card.

Analysts said the decision was in line with Russia's efforts to support the ruble as its economy recovered.

"The central bank and the government have promised to strengthen the ruble and de-dollarize the economy, and this is a logical step in this direction," a Western economist said.

The ruble is depreciating gradually against the dollar but is strengthening in real, or inflation-adjusted, terms. The currency has fallen 5.05 percent since the start of the year, but consumer prices in August were up 14.7 percent from a year earlier.

Mr. Turbanov said the volume of hard-currency payments in shops had fallen to 18 percent of total sales in the first half of this year from 60 percent in 1995. Russia began allowing its citizens to make payments in hard currency in 1991.

As part of the campaign to restore faith in the currency — which in the Soviet period had an official rate of well over $1, whereas now it takes nearly 6,000 rubles to buy $1 — Russia will convert Jan. 1 to a new ruble equal to 1,000 current rubles.

Nomura to Expand Its British Pub Holdings

Bloomberg News

LONDON — Grand Metropolitan PLC and Foster's Brewing Group Ltd. said Monday they had agreed to sell about 4,300 pubs to an investment vehicle set up by Nomura Securities Inc. for £1.2 billion ($1.93 billion).

After paying debts totaling £775 million, GrandMet and Foster's will together receive about £425 million from Grand Pub Co. for their equal stakes in Inntrepreneur Pub Co. and Spring Inns Ltd., the owners and operators of the British public houses.

London-based GrandMet, which is merging with Guinness PLC, has been disposing of pubs and other brewing assets to focus on food, wines and spirits.

For Melbourne-based Foster's, the sale is part of a plan to get rid of the remainder of its British assets, which include property and a stake in Scottish & Newcastle PLC. It has said it will continue its partnership with that company, which produces and markets Foster's lager brands under license.

Analysts said the sale would have no impact on the merger.

"Clearly Inntrepreneur was not a core business for GrandMet or Foster's, and the companies indicated that it would at some stage be sold," Richard Shaw, an analyst at Panmure Gordon, said. "I think the price achieved is roughly in line with expectations."

Nomura already owns 1,130 pubs through its Phoenix Inns Holdings Ltd. subsidiary.

These pubs, together with the pubs Nomura is purchasing in this transaction, will make the Japanese securities company one of the largest British pub operators, with about 7 percent of the market.

Stephen Jolly, a Nomura spokesman, said: "The group within the company that has purchased these two groups specializes in securitizations. Nomura plans to develop them further and to exit at some point in the future. Management will stay in place. Nomura is not a pub operator."

Both companies said they would use proceeds from the sale to reduce debt.

GrandMet's shares slipped half a pence to close at 595. Foster's shares, which rose 7.4 percent last week, rose 6 cents to a record high of 2.60 Australian dollars ($1.87).

Bass Bids to Buy Out a Czech Brewer

Reuters

PRAGUE — Britain's Bass PLC said Monday that it had offered to buy out the majority shareholders of the Czech brewer Radegast AS, of which it already owns a third, setting up a potential battle for control of the company.

Graham Staley, Bass's country manager for the Czech Republic, confirmed a report in the Mlada Fronta Dnes daily that an offer had been made to a group of shareholders who together held a majority of Radegast. He declined to give details of the offer.

Bass holds 33.4 percent of Radegast. IPB AS, the third largest Czech bank, votes with a group of shareholders which together have a majority in Radegast and in another brewery, Plzensky Prazdroj.

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100	Level	Change	% change	year to date % change
World Index	176.40	+1.65	+0.94	+18.28
Regional Indexes				
Asia/Pacific	118.01	+0.93	+0.79	-4.39
Europe	191.74	+2.35	+1.24	+18.95
N. America	209.95	+2.07	+1.00	+29.67
S. America	171.86	+2.34	+1.38	+50.19
Industrial Indexes				
Capital goods	225.21	+3.39	+1.53	+31.76
Consumer goods	194.75	+3.33	+1.74	+20.64
Energy	207.32	-0.06	-0.03	+21.45
Finance	129.86	+1.16	+0.90	+11.51
Miscellaneous	184.53	-0.64	-0.35	+14.06
Raw Materials	185.94	+1.73	+0.94	+6.02
Service	166.25	+1.61	+0.98	+21.07
Utilities	171.48	+1.52	+0.89	+19.53

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

WORLD STOCK MARKETS

Monday, Sept. 22

Prices in local currencies.

Telekurs

Amsterdam — AEX index: 910.44, Previous: 893.29

	High	Low	Close	Prev.
ABN-AMRO	41.50	40.70	41.40	40.70
Aegon	157.50	152.40	156.50	152.10
Ahold	55.60	54.20	55.40	54
Akzo Nobel	332	328	331	327.90
Baan Co	133.40	126.50	132.40	126.70
Bols Wess cva	35.80	35.40	35.60	35.20
CSM cva	95.30	93.50	93.80	94.80
Dordtsche Pet	112.20	109.70	111.90	109.50
DSM	191	187	189	188.10
Elsevier	32	31	31.80	31
Fortis Amev	83.60	81.60	83.10	81.60
Getronics	65.60	64.30	65.10	65.10
G-Broc cva	56.50	55.20	56.40	54.50
Hagemeyer	103.40	101.70	102.20	101.40
Heineken	348.10	342.50	348	342.40
Hoogovens cva	128	125.50	127.30	124.60
Hunt Douglas	88.20	86.50	88	86.50
ING Group	92.50	91.60	92.20	91.50
KLM	71.60	69.60	71.30	68.60
KNP BT	52.30	50.50	50.90	52.40
KPN	76.70	75.90	76.60	75.20
Nedlloyd Gp	65.50	63.70	65	63
Nutricia	62.30	60.30	62.30	59.90
Oce Grinten	254.50	252.20	253.30	251.50
Philips Elec	155.90	149.30	152.20	147.50
Polygram	113.90	112.50	113.50	112.80
Randstad Hdg	84.50	81	82	82
Robeco	193.50	192.20	192.70	192
Rodamco	62.50	61.40	61.70	62.20
Rolinco	192	191	192	190.50
Rorento	118.10	117.60	117.60	118.10
Royal Dutch	111.40	109.40	110.80	108.40
Unilever cva	428	420.50	424.50	419.10
Vendex Intl	116.90	115	116.80	115.80
VNU	44.20	43.60	44	43.50
Wolters Kl cva	244	240.90	241.50	240

Bangkok — SET index: 522.80, Previous: 523.30

	High	Low	Close	Prev.
Adv Info Svc	222	214	220	214
Bangkok Bk F	165	156	160	164
Krung Thai Bk	25.25	24.75	25	25.25
PTT Explor	362	352	360	360
Siam Cement F	600	580	600	570
Siam Com Bk F	107	105	106	109
Telecomasia	29.75	29.25	29.75	29.25
Thai Airways	48	44.25	48	43.75
Thai Farm Bk F	100	93.50	95	100
Utd Comm	103	101	103	103

Bombay — Sensex 30 index: 3770.99, Previous: 3825.12

	High	Low	Close	Prev.
Bajaj Auto	531	521	525.50	527.75
Hindust Lever	1313.75	1273	1282.75	1307
Hindust Petm	472	461.25	461.75	474.25
Ind Dev Bk	104.50	100.25	100.75	104.25
ITC	570	548.25	552.25	569.75
Mahanagar Tel	258.50	254	255	256
Reliance Ind	343.50	335	336.50	341
State Bk India	275	268.75	270.25	273
Steel Authority	15.50	14.75	15	15.50
Tata Eng Loco	334.50	319.75	321.50	332

Brussels — BEL-20 index: 2414.30, Previous: 2389.42

	High	Low	Close	Prev.
Almanij	1620	1600	1610	1610
Barco Ind	7320	7230	7250	7290
BBL	9660	9590	9600	9590
CBR	3170	3100	3100	3230
Colruyt	18500	17975	18375	17800
Delhaize Lion	1850	1815	1820	1815
Electrabel	7690	7650	7660	7650
Electrafina	3485	3415	3415	3430
Fortis AG	7350	7120	7300	7170
Gevaert	3150	3120	3150	3150
GBL	5770	5680	5680	5750
Gen Banque	14750	14500	14625	14425
Kredietbank	14750	14500	14750	14325
Petrofina	14250	13975	14200	14000
Powerfin	4930	4850	4920	4915
Royale Belge	9500	9290	9290	9430
Soc Gen Belg	3460	3300	3450	3275
Solvay	2200	2160	2185	2160
Tractebel	14875	14800	14850	14850
UCB	125850	123700	124300	122400

Copenhagen — Stock index: 617.82, Previous: 617.12

	High	Low	Close	Prev.
BG Bank	376	370	374.21	372.86
Carlsberg B	372	360	367.52	365
Codan Fors	916.14	910	916.14	915
Danisco	373	357	369	368
Den Danske Bk	691	681	687	687
D/S Svendborg B	418000	415000	415000	419419
D/S 1912 B	290000	286867	287000	285000
FLS Ind B	201	194	198.20	192
Kob Lufthavne	790	774	790	770
Novo Nordisk B	700	681.25	700	688
Sophus Ber B	1070	1030	1070	1040
Tele Danmk B	356	347	353.88	351
Tryg Baltica	390	385	388	387
Unidanmark A	417.01	413	417	411

Frankfurt — DAX: 4088.92, Previous: 4032.97

	High	Low	Close	Prev.
AMB B	1575	1575	1580	1580
Adidas	241.50	238	238.25	242.50
Allianz Hdg	429.70	425.50	428.70	419
Altana	141.70	138.50	139	141.20
Bk Berlin	44.60	44	44.60	44
BASF	62.45	61.65	62.45	61.92
Bayer Hypo Bk	72.40	71.65	72.40	70.20
Bay.Vereinsbank	95.30	94	94.80	93.50
Bayer	69.35	68.85	69.25	69.45
Beiersdorf	76.90	75.30	76.80	75.20
Bewag	38.70	38.60	38.70	38.50
BMW	1365	1335	1362	1364
CKAG Colonia	161	157	161	154
Commerzbank	63.20	62.60	63.20	61.40
Daimler Benz	139.70	136.70	139.50	136.20
Degussa	100.70	98.30	100.70	98.30
Deutsche Bank	115.85	113.70	115.75	110.80
Deut Telekom	34	33.50	33.85	33.46
Dresdner Bank	81.60	80.30	81.50	79.85
Fresenius	314	311	313	309
Fresenius Med	130.30	129.50	129.50	130.70
Fried. Krupp	367	363	365.20	358
Gehe	104	103	103.60	103
Heidelbg Zmt	141	140	140	139.50
Henkel pfd	107	104.30	105.50	104.30
HEW	480	450	480	450
Hochtief	84.50	81.20	84	81
Hoechst	74.45	73.50	74.25	73.50
Karstadt	660	645	659	648
Lahmeyer	100	98.60	98.90	101
Linde	1285	1265	1277	1285
Lufthansa R	36	35.15	35.50	35.29
MAN	555	549	554	548
Mannesmann	874	866	869.50	864.50
Metallgesellschaft	39.70	39.25	39.25	39.30
Metro	80.80	80	80.55	80.50
Munch Rueck R	594	583	594	588
Preussag	518	506	513	501.50
RWE	84.50	82.50	83.80	84
SAP pfd	442.30	439	440.50	436.50
Schering	182	179.10	179.10	180.40
SGL Carbon	250	247	250	252
Siemens	122.80	121.15	121.80	119.55
Springer (Axel)	1500	1500	1500	1505
Suedzucker	882	880	880	882
Thyssen	414	404	409.10	403
Veba	100.25	99.50	100.25	99.30
VEW	572	572	572	570
Viag	759	752	756	770
Volkswagen	1186	1170	1178	1177

Helsinki — HEX General index: 3554.09, Previous: 3505.41

	High	Low	Close	Prev.
Enso A	51.50	51	51.50	51.10
Huhtamaki I	205	203	205	200.50
Kemira	49.50	48.50	49.50	49.50
Kesko	74	71.50	74	72
Merita A	23.20	22.90	23.20	23
Metra B	160	155	157	163
Metso-Serla B	49.50	48	48.70	47.50
Neste	140	138	140	138
Nokia A	466	454	465	452
Orion-Yhtymae	183	178	183	177
Outokumpu A	93	91	93	90
UPM-Kymmene	141.50	140	141	140.50
Valmet	88	87.50	87.50	87.60

Hong Kong — Hang Seng: 14188.08, Previous: 14384.13

	High	Low	Close	Prev.
Amoy Props	8.20	7.85	7.95	8.20
Bk East Asia	27.20	26.90	27.05	27.20
Cathay Pacific	12.50	11.70	12.40	12.50
Cheung Kong	83.75	82	83	84.50
CK Infrastruct	22.60	21.70	22	22.55
China Light	41.30	40.20	40.60	41.30
Citic Pacific	44.30	42.50	43	44.50
Dao Heng Bk	35.50	34.60	34.90	35.70
First Pacific	8.05	7.45	7.55	7.95
Hang Lung Dev	14.90	14.35	14.35	14.70
Hang Seng Bk	90.50	87	88	90.75
Henderson Inv	9	8.50	8.75	9
Henderson Ld	66	64.25	65	66
HK China Gas	15.10	14.55	14.75	15.20
HK Electric	28.35	27.50	28	28.45
HK Telecomm	16.75	16.30	16.45	16.70
Hopewell Hdgs	4.65	4.40	4.55	4.65
HSBC Hdgs	233	228	229	231
Hutchison Wh	69.75	67.75	68.75	69.75
Hysan Dev	23.50	23	23.05	23.30
Johnson El Hdg	20.40	20.30	20.40	20.30
Kerry Props	18.25	17.95	18	18.25
New World Dev	45.40	44	44.10	45.30
Oriental Press	2.63	2.55	2.55	2.60
Pearl Oriental	1.21	1.14	1.15	1.19
SHK Props	91.75	89	89.25	91.25
Shun Tak Hdgs	4.97	4.80	4.85	4.97
Sino Land Co.	7.30	6.95	7.05	7.25
Sth China Post	6.75	6.50	6.65	6.50
Swire Pac A	61.25	59.75	60.25	61.50
Wharf Hdgs	27.40	26.80	27.30	27.20
Wheelock	15.90	15.50	15.70	15.85

Jakarta — Composite index: 535.48, Previous: 531.08

	High	Low	Close	Prev.
Astra Intl	3375	3175	3200	3425
Bk Intl Indon	975	900	925	925
Bk Negara	975	925	925	925
Gudang Garm	8850	8475	8800	8500
Indocement	2350	2200	2350	2225
Indofood	4000	3750	3800	3750
Indosat	7975	7750	7900	7725
Sampoerna HM	6975	6800	6825	6825
Semen Gresik	3125	3025	3025	3025
Telekomunikasi	3450	3325	3400	3350

Johannesburg — All Market: 7155.42, Previous: 7177.19

	High	Low	Close	Prev.
Amalgamatd Bks	31.90	30.90	30.95	32.05
AngloAm Coal	279	278.50	279	278.50
AngloAm-Corp	242	240	240	241.50
AngloAm Gold	238.50	238	238.50	238.75
AngloAm Ind	183.50	182	182	182
AVMIN	11.75	11.50	11.55	11.75
Barlow	54.75	54.25	54.50	54.25
C.G. Smith	23.20	22.40	22.60	22.85
De Beers	140	138.75	140	138
Driefontein	30	29.60	29.90	29.80
Fst Natl Bk	38.60	37.75	37.75	38.60
Gencor	10.30	10.05	10.10	10.20
GFSA	95.25	95	95	95
Imperial Hdgs	63.25	62	62.75	62.50
Ingwe Coal	22.35	22.35	22.35	22.35
Iscor	3.14	3.05	3.05	3.13
Johnnies Indl	61	60.25	60.25	61
Liberty Hdgs	372	368	368	372
Liberty Life	140.25	138.75	138.75	140.25
LibLife Strat	16.10	16	16	15.75
Minorco	100	99.25	100	100
Nampak	17.85	17.45	17.55	17.85
Nedcor	103.50	102	102.75	103
Rembrandt Gp	41.75	41.10	41.10	41.20
Richemont	65	63	64.25	63.25
Rust Platinum	80.50	79.75	80.25	80.25
SA Breweries	132.50	131.25	131.25	131.25
Samancor	35	34.50	34.60	35
Sasol	64.50	63.50	64.50	63.25
SBIC	206	204	204.25	207.25
Tiger Oats	70.25	69.50	69.75	69

Kuala Lumpur — Composite: 740.50, Previous: 787.84

	High	Low	Close	Prev.
AMMB Hdgs	8.75	8.50	8.60	8.60
Genting	10	9.80	9.85	10.10
Mal Banking	16.50	15.50	15.60	16.60
Mal Intl Ship F	5.30	5.10	5.25	5.20
Petronas Gas	9.05	8.90	9	9.05
Proton	8.55	8.20	8.30	8.70
Public Bk	2.70	2.66	2.67	2.74
Renong	3.20	3.08	3.20	3.18
Resorts World	7	6.70	6.80	7.10
Rothmans PM	26.50	26	26.50	26
Sime Darby	6.10	5.80	6.05	6.05
Telekom Mal	9.10	8.80	9	9.20
Tenaga	7.95	7.20	7.35	7.95
Utd Engineers	11.70	10.50	10.90	11.90
YTL	4.16	3.72	3.96	4.12

London — FT-SE 100: 5075.70, Previous: 5023.80

	High	Low	Close	Prev.
Abbey Natl	9.07	8.87	8.95	8.96
Allied Domecq	4.85	4.76	4.76	4.79
Anglian Water	8.19	8.05	8.15	8.15
Argos	6.90	6.76	6.86	6.81
Asda Group	1.61	1.55	1.60	1.55
Assoc Br Foods	5.65	5.51	5.64	5.51
BAA	5.75	5.63	5.72	5.71
Barclays	15.47	15.15	15.44	15.15
Bass	8.66	8.53	8.64	8.52
BAT Ind	5.52	5.25	5.31	5.33
Bank Scotland	4.59	4.51	4.56	4.52
Blue Circle	3.95	3.85	3.93	3.83
BOC Group	11.42	11.31	11.36	11.34
Boots	8.52	8.32	8.50	8.34
BPB Ind	3.50	3.46	3.49	3.44
Brit Aerosp	16.82	16.43	16.78	16.52
Brit Airways	6.69	6.52	6.62	6.58
BG	2.67	2.61	2.63	2.64
Brit Land	6.07	5.99	6.05	5.97
Brit Petm	9.20	9.07	9.16	9.10
BSkyB	4.92	4.75	4.86	4.79
Brit Steel	1.90	1.84	1.90	1.85
Brit Telecom	4.14	4.05	4.12	4.06
BTR	2.45	2.36	2.42	2.39
Burmah Castrol	10.85	10.70	10.78	10.72
Burton Gp	1.27	1.24	1.27	1.25
Cable Wireless	5.39	5.30	5.36	5.33
Cadbury Schw	5.66	5.60	5.65	5.62
Carlton Comm	5.14	5.08	5.12	5.12
Coml Union	7.75	7.42	7.69	7.64
Compass Gp	6.52	6.46	6.47	6.38
Courtaulds	3.42	3.30	3.39	3.25
Dixons	6.31	6.23	6.25	6.30
Electrocomponents	4.68	4.64	4.66	4.64
EMI Group	5.92	5.55	5.86	5.93
Energy Group	6.47	6.40	6.43	6.40
Enterprise Oil	6.60	6.56	6.58	6.66
Fam Colonial	1.76	1.74	1.76	1.75
Genl Accident	9.84	9.63	9.78	9.61
GEC	3.94	3.88	3.93	3.88
GKN	13.15	12.98	13.12	12.96
Glaxo Wellcome	13.65	13.30	13.61	13.34
Granada Gp	8.45	8.15	8.44	8.24
Grand Met	6.13	5.89	5.95	5.96
GRE	2.89	2.85	2.86	2.84
Greenalls Gp	4.55	4.48	4.48	4.51
Guinness	5.87	5.75	5.85	5.76
GUS	6.88	6.65	6.74	6.80
Hays	6.61	6.45	6.59	6.47
HSBC Hldgs	18.89	18.43	18.75	18.71
ICI	10.01	9.85	9.92	9.86
Imperial Tobacco	3.73	3.63	3.65	3.71
Kingfisher	8.05	7.86	8.02	7.84
Ladbroke	2.63	2.57	2.62	2.60
Land Sec	9.42	8.34	9.40	9.32
Lasmo	2.65	2.58	2.63	2.61
Legal Genl Grp	4.58	4.44	4.57	4.49
Lloyds TSB Gp	7.79	7.58	7.69	7.64
LucasVarity	2.27	2.23	2.25	2.24
Marks Spencer	6.10	6	6.08	6.02
MEPC	4.97	4.86	4.91	4.86
Mercury Asset	12.65	12.35	12.57	12.21
National Grid	2.90	2.79	2.87	2.81
Natl Power	5.52	5.45	5.49	5.45
NatWest	8.89	8.67	8.71	8.73
Next	7.63	7.46	7.51	7.46
Norwich Union	3.41	3.33	3.40	3.38
Orange	2.24	2.19	2.23	2.20
P&O	6.93	6.77	6.89	6.79
Pearson	7.67	7.53	7.64	7.54
Pilkington	1.53	1.49	1.52	1.50
PowerGen	7.81	7.66	7.79	7.65
Premier Farnell	5.33	5.25	5.25	5.29
Prudential	6.38	6.29	6.32	6.33
Railtrack Gp	8.56	8.15	8.53	8.34
Rank Group	3.56	3.50	3.55	3.51
Reckitt Colm	9.77	9.68	9.75	9.69
Redland	2.86	2.78	2.83	2.73
Reed Intl	5.80	5.64	5.78	5.66
Rentokil Initial	2.56	2.51	2.54	2.53
Reuters Hdgs	7	6.86	6.91	6.99
Rexam	3.27	3.21	3.26	3.26
RTZ reg	10.05	9.87	9.98	9.99
RMC Group	10.20	10.10	10.18	10.20
Rolls Royce	2.39	2.33	2.35	2.34
Royal Bk Scot	6.43	6.35	6.42	6.33
Royal & Sun All	5.45	5.36	5.42	5.46
Safeway	3.97	3.83	3.96	3.87
Sainsbury	4.67	4.47	4.64	4.46
Schroders	18.03	17.76	18	17.73
Scot Newcastle	7.45	7.34	7.43	7.36
Scot Power	4.58	4.47	4.56	4.49
Securicor	2.70	2.58	2.70	2.60
Severn Trent	8.70	8.60	8.64	8.64
Shell Transp R	4.58	4.48	4.57	4.48
Siebe	11.65	11.37	11.60	11.46
Smith Nephew	1.87	1.86	1.87	1.87
SmithKline	5.58	5.36	5.56	5.46
Smiths Ind	8.96	8.79	8.94	8.85
Sthern Elec	4.56	4.45	4.55	4.45
Stagecoach	6.80	6.67	6.69	6.77
Stand Charter	8.52	8.27	8.45	8.32
Tate & Lyle	4.30	4.20	4.28	4.21
Tesco	4.79	4.58	4.76	4.60
Thames Water	8.27	8.15	8.23	8.21
3i Group	5.11	4.99	5.10	5.02
TI Group	6.19	6.10	6.12	6.16
Tomkins	3.33	3.26	3.29	3.26
Unilever	17.92	17.62	17.88	17.64
Utd Assurance	4.89	4.82	4.82	4.90
Utd News	7.62	7.45	7.62	7.56
Utd Utilities	7.20	7.04	7.17	7.07
Vendome Lx uts	4.72	4.68	4.68	4.69
Vodafone	3.36	3.28	3.34	3.29
Whitbread	8	7.92	7.93	7.97
Williams Hdgs	3.67	3.52	3.64	3.55
Wolseley	5.05	4.91	5.03	4.90
WPP Group	2.89	2.85	2.88	2.86
Zeneca	19.93	19.55	19.75	19.56

Madrid — Bolsa index: 622.41, Previous: 609.65

	High	Low	Close	Prev.
Acerinox	27950	26810	27950	26500
ACESA	2035	1980	2005	1990
Aguas Barcelon	6080	5990	5990	6000
Argentaria	8550	8300	8440	8280
BBV	4410	4370	4405	4380
Banesto	1545	1460	1540	1455
Bankinter	8480	8310	8430	8280
Bco Centro Hisp	6200	6130	6200	6140
Bco Popular	9600	9320	9580	9200
Bco Santander	4705	4570	4700	4565
CEPSA	4750	4600	4750	4530
Continente	2905	2870	2890	2860
Corp Mapfre	8600	8500	8600	8460
Endesa	3185	3110	3115	3115
FECSA	1325	1265	1310	1265
Gas Natural	7990	7850	7940	7850
Iberdrola	1815	1770	1815	1775
Pryca	2740	2710	2725	2685
Repsol	6440	6390	6420	6390
Sevillana Elec	1445	1415	1430	1410
Tabacalera	10130	9800	10130	9800
Telefonica	4505	4360	4490	4345
Union Fenosa	1290	1260	1290	1265
Valenc Cement	2900	2850	2885	2825

Manila — PSE index: 2096.23, Previous: 2078.57

	High	Low	Close	Prev.
Ayala B	14.25	13.50	13.50	13.25
Ayala Land	17.25	16	16.50	16
Bk Philip Isl	113	103	103	103
C&P Homes	4.05	3.55	3.65	3.75
Manila Elec A	79	76.50	76.50	76
Metro Bank	377.50	355	357.50	352.50
Petron	5.20	4.75	4.80	4.70
PCIBank	150	146	146	147
Phil Long Dist	960	945	955	945
San Miguel B	59	55	55	56.50
SM Prime Hdg	6.60	6.10	6.10	6.10

Mexico — Bolsa index: 5187.89, Previous: 5118.13

	High	Low	Close	Prev.
Alfa A	70.70	70.00	70.30	69.70
Banacci B	23.80	23.40	23.65	23.50
Cemex CPO	40.60	40.00	40.30	39.90
Cifra C	15.90	15.60	15.84	15.60
Emp Modema	42.60	41.70	42.30	41.60
Gpo Carso A1	65.00	63.80	65.00	63.40
Gpo F Bcomer	3.47	3.41	3.43	3.40
Gpo Fin Inbursa	33.60	33.00	33.60	32.70
Kimb Clark Mex	37.10	36.50	36.90	36.70
Televisa CPO	148.80	147.70	148.00	148.20
TelMex L	19.24	18.94	19.22	18.90

Milan — MIB Telematico: 15842.00, Previous: 15229.00

	High	Low	Close	Prev.
Alleanza Assic	17000	16650	16945	16520
Bca Comm Ital	4990	4800	4975	4700
Bca Fideuram	7500	7070	7295	6900
Bca di Roma	1678	1648	1674	1640
Benetton	28950	28200	28950	27850
Credito Italiano	4310	4000	4285	3925
Edison	9100	8870	9055	8695
ENI	10940	10590	10900	10465
Fiat	6350	6025	6300	5950
Generali Assic	40600	39450	40400	39200
IMI	18595	17930	18595	17970
INA	2770	2675	2765	2675
Italgas	6060	5900	6060	5850
Mediaset	9295	8630	9295	8640
Mediobanca	14150	13800	14150	13700
Montedison	1324	1305	1320	1286
Olivetti	947	925	934	890
Parmalat	2880	2800	2865	2785
Pirelli	5180	4930	5180	4855
RAS	15675	15370	15550	15015
Rolo Banca	25000	23500	24600	23250
S Paolo Torino	12800	12380	12720	12140
Telecom Italia	11820	11400	11800	11290
TIM	7135	6740	7100	6685

Montreal — Industrials index: 3687.89, Previous: 3683.34

	High	Low	Close	Prev.
Bce Mob Com	51.10	51.10	51.10	50.90
Cdn Tire A	29¼	28.90	29¼	29.20
Cdn Util A	38.05	38	38.05	37.80
CT Finl Svc	44.30	44.10	44.30	44½
Gaz Metro	18.40	18.20	18¼	18.30
Gt-West Lifeco	32.65	32.40	32½	32.65
Imasco	41.05	40.60	40.60	40½
Investors Grp	41	40.85	40.90	40.15
Loblaw Cos	21	21	21	20.80
Natl Bk Canada	19.20	19	19.20	19.05
Power Corp	39¼	38.85	39	39
Power Finl	39	38.60	38.60	38.45
Quebecor B	26.20	26.05	26.10	26.20
Rogers Comm B	8.55	8.55	8.55	8.65
Royal Bk Cda	67¼	66.90	67¼	66.70

Oslo — OBX index: 702.07, Previous: 699.09

	High	Low	Close	Prev.
Aker A	133	130.50	130.50	131
Bergesen Dy A	208	200	208	201
Christiania Bk	24.80	24.50	24.70	24.30
Den norske Bk	29.90	29.40	29.80	29.40
Elkem	129	126	126.50	127.50
Hafslund A	44	44	44	43.50
Kvaerner Asa	418.50	414	416	414
Norsk Hydro	432.50	417	420	422
Norske Skog A	263	258	263	257.50
Nycomed A	169.50	167	168	168
Orkla Asa A	595	590	590	591
Petm GeoSvc	465	462	464	459
Saga Petm A	149	146.50	147	149
Schibsted	125	124	124	124.50
Transocean Off	N.T.	N.T.	N.T.	690
Storebrand Asa	52.50	52	52	52

Paris — CAC-40: 3017.45, Previous: 2977.18

	High	Low	Close	Prev.
Accor	1025	984	1000	1002
AGF	248.40	243.10	248.40	243.40
Air Liquide	957	944	956	942
Alcatel Alsth	821	793	795	816
Axa-UAP	402	396.10	401.50	395.20
Bancaire	754	720	750	711
BIC	473.70	454	470.90	450
BNP	296.50	288.60	295.60	290
Canal Plus	1077	1056	1065	1057
Carrefour	3608	3480	3600	3454
Casino	Susp.	Susp.	Susp.	332.10
CCF	328.40	323	327.20	323
Cetelem	640	621	630	616
Christian Dior	878	870	872	876
CLF-Dexia Fran	555	544	553	544
Credit Agricole	1301.10	1301.10	1301.10	1320
Danone	923	905	907	903
Elf-Aquitaine	825	803	809	814
Eridania BS	905	888	902	875
Eurodisney	8.15	8	8	8
Eurotunnel	6.40	6.30	6.30	6.45
Gen. Eaux	702	688	698	680
Havas	411.50	402.40	407.50	402.90
Imetal	874	846	868	867
Lafarge	452.80	443	452.70	443
Legrand	1240	1201	1229	1214
L'Oreal	2364	2290	2346	2280
LVMH	1378	1353	1375	1350
Michelin B	336	331	331.60	332.50
Paribas A	433.30	428	431.10	423
Pernod Ricard	307.80	299.10	301.50	304.60
Peugeot Cit	791	770	783	767
Pinault-Print	2699	2635	2676	2630
Promodes	2255	2210	2246	2180
Renault	178.20	173.20	175.50	174.20
Rexel	1647	1600	1634	1630
Rh-Poulenc A	240	236	238.70	237.50
Sanofi	640	624	636	621
Schneider	372.90	358	364.80	363
SEB	869	857	860	855
SGS Thomson	545	528	545	528
Ste Generale	853	835	853	835
Sodexho	2900	2810	2876	2900
St Gobain	918	897	914	897
Suez Lyon Eaux	664	652	660	648
Synthelabo	737	723	730	720
Thomson CSF	180	173.50	175	176
Total B	707	686	700	693
Usinor	110.90	107.90	110.50	109.70
Valeo	388.40	375.10	376.70	385

São Paulo — Bovespa index: 11860.00, Previous: 11649.70

	High	Low	Close	Prev.
Bradesco Pfd	11.00	10.70	10.750	10.80
Brahma Pfd	840.00	835.00	838.00	835.00
Cemig Pfd	61.30	59.50	60.30	59.30
CESP Pfd	89.350	88.00	88.50	88.00
Copel	18.80	18.80	18.80	17.70
Eletrobras	592.00	580.00	591.00	575.00
Itaubanco Pfd	610.020	580.00	610.00	600.00
Light Servicos	480.00	465.00	480.00	465.00
Lightpar	374.50	369.80	373.00	369.99
Petrobras Pfd	312.00	303.00	310.02	301.98
Paulista Luz	195.00	193.00	193.00	194.00
Sid Nacional	43.00	42.70	42.990	42.50
Souza Cruz	N.T.	N.T.	N.T.	10.40
Telebras Pfd	143.00	140.80	142.40	140.10
Telemig	168.00	165.99	167.00	166.00
Telerj	147.00	141.50	147.00	141.00
Telesp Pfd	337.00	325.00	330.00	320.00
Unibanco	40.00	38.60	39.98	39.40
Usiminas Pfd	12.03	11.81	12.01	11.90
CVRD Pfd	28.90	28.00	28.30	28.50

Seoul — Composite index: 668.45, Previous: 689.16

	High	Low	Close	Prev.
Dacom	87000	83000	85500	85300
Daewoo Heavy	7480	7000	7050	7500
Hyundai Eng.	18700	18100	18300	18700
Kia Motors	10000	8930	8930	9700
Korea El Pwr	22500	20400	20600	22200
Korea Exch Bk	5070	4880	4880	5070
LG Semicon	39200	36000	36000	40500
Pohang Iron St	59400	56500	56500	59500
Samsung Display	46000	44800	45000	46200
Samsung Elec	69900	67700	67800	70000
Shinhan Bank	8700	8550	8600	8700
SK Telecom	450500	422000	422000	459500

Singapore — Straits Times: 1900.23, Previous: 1894.73

	High	Low	Close	Prev.
Asia Pac Brew	5.25	5.25	5.25	5.30
Cerebos Pac	5.30	5.20	5.30	5.20
City Devlts	9.55	9.45	9.50	9.70
Cycle Carriage	9.95	9.85	9.90	9.90
Dairy Farm Int *	0.95	0.93	0.95	0.96
DBS foreign	15.50	15.10	15.30	15.70
DBS Land	3.72	3.68	3.70	3.70
Fraser & Neave	8.90	8.70	8.80	8.95
HK Land *	3.24	3.16	3.20	3.28
Jard Mathesn *	7.90	7.65	7.75	8.05
Jard Strategic *	3.92	3.80	3.80	3.86
Keppel A	5.95	5.75	5.95	5.90
Keppel Bank	3.20	3.10	3.20	3.12
Keppel Fels	4.40	4.28	4.28	4.48
Keppel Land	3.92	3.88	3.90	3.94
OCBC foreign	10.50	10.10	10.40	10.70
OS Union Bk F	6.75	6.56	6.65	6.95
Parkway Hdgs	5.70	5.55	5.55	5.80
Sembawang	7.10	6.65	7.10	6.60
Sing Air foreign	12.40	12.10	12.40	12.30
Sing Land	7.30	7.10	7.30	7.30
Sing Press F	22.60	22.20	22.40	22.80
Sing Tech Ind	2.57	2.51	2.53	2.60
Sing Telecomm	2.26	2.22	2.24	2.24
Tat Lee Bank	2.80	2.78	2.80	2.79
Utd Industrial	1.04	1	1.03	1.04
Utd OSea Bk F	11.20	10.80	11.10	11.20
Wing Tai Hdgs	3.12	3.06	3.06	3.06

*: in U.S. dollars.

Stockholm — SX 16 index: 3484.13, Previous: 3398.86

	High	Low	Close	Prev.
AGA B	122.50	120	121.50	119.50
ABB A	112	108	112	107.50
AssiDoman	251	247	249.50	252
Astra A	136.50	133.50	135.50	131.50
Atlas Copco A	251	248	251	246
Autoliv	346.50	336	342.50	342
Electrolux B	582	577	577	573
Ericsson B	355.50	344	355.50	343
Hennes B	321.50	314	318	317
Incentive A	732	720	727	718
Investor B	409	401	406.50	399
MoDo B	292	283	285	285
Nordbanken	257.50	254	257	256.50
Pharm/Upjohn	284	280	282	278.50
Sandvik B	255	250.50	255	250.50
Scania B	230	226	229.50	226
SCA B	197	195	197	193
S-E Banken A	92.50	91	92	91.50
Skandia Fors	347	335	336.50	333.50
Skanska B	324.50	318.50	321.50	318
SKF B	227	221	226.50	220
Sparbanken A	188	180	187.50	179
Stora A	133.50	131	132	133.50
Sv Handels A	253.50	250.50	253	249
Volvo B	213	207.50	212	208.50

Sydney — All Ordinaries: 2764.90, Previous: 2730.40

	High	Low	Close	Prev.
Amcor	8.83	8.70	8.77	8.75
ANZ Bkng	11.45	10.99	11.38	11.12
BHP	15.87	15.53	15.78	15.70
Boral	4.14	4.07	4.13	4.08
Brambles Ind.	30.15	29.85	30.05	29.87
CBA	17.34	16.89	17.28	16.94
CC Amatil	15.10	14.78	15.05	14.78
Coles Myer	6.99	6.79	6.93	6.83
Comalco	6.75	6.70	6.70	6.65
CSR	5.93	5.64	5.90	5.70
Fosters Brew	2.90	2.86	2.90	2.84
Goodman Fld	2.30	2.20	2.28	2.25
ICI Australia	12.85	12.70	12.80	12.90
Lend Lease	33.65	32.08	33.59	33.20
MIM Hdgs	1.63	1.57	1.62	1.58
Nat Aust Bank	22.25	21.38	22.25	21.90
Nat Mutual Hdg	2.35	2.25	2.33	2.29
News Corp	6.63	6.55	6.61	6.60
Pacific Dunlop	3.80	3.68	3.79	3.68
Pioneer Intl	4.76	4.68	4.74	4.69
Pub Broadcast	8.80	8.60	8.78	8.70
Rio Tinto	21.15	20.50	21.12	20.82
St George Bank	8.82	8.66	8.80	8.68
WMC	6.24	6.18	6.21	6.20
Westpac Bkng	8.97	8.61	8.90	8.63
Woodside Pet	12.50	12.39	12.50	12.42
Woolworths	4.50	4.43	4.50	4.48

Taipei — Stock Market index: 9220.99, Previous: 9243.71

	High	Low	Close	Prev.
Cathay Life Ins	138.50	135.50	137	137
Chang Hwa Bk	113	106	110	109
Chiao Tung Bk	83.50	81	81	82
China Develpmt	123.50	121	122	122.50
China Steel	28.80	28.20	28.30	28.70
First Bank	110.50	106	108	109
Formosa Plastic	60.50	59	60	59.50
Hua Nan Bk	122	115.50	120.50	117.50
Intl Comm Bk	58	56	57	57
Nan Ya Plastics	72	70	71.50	71
Shin Kong Life	92	88.50	90.50	89.50
Taiwan Semi	149	146	146	148
Tatung	46.60	45.70	45.90	46.20
Utd Micro Elec	97	93	93	97
Utd World Chin	64	62.50	63	62.50

Tokyo — Nikkei 225: 18281.32, Previous: 18058.21

	High	Low	Close	Prev.
Ajinomoto	1020	1000	1020	1020
All Nippon Air	723	710	716	709
Amway	3400	3340	3340	3400
Asahi Bank	743	740	740	741
Asahi Chem	587	556	578	557
Asahi Glass	936	919	936	918
Bk Tokyo Mitsu	2270	2250	2270	2270
Bk Yokohama	486	476	482	490
Bridgestone	2990	2880	2960	2870
Canon	3660	3590	3620	3630
Chubu Elec	2100	2070	2070	2070
Chugoku Elec	2020	2000	2010	1980
Dai Nipp Print	2480	2390	2430	2420
Daiei	698	688	690	685
Dai-Ichi Kang	1330	1290	1320	1300
Daiwa Bank	527	509	520	509
Daiwa House	1340	1320	1330	1350
Daiwa Sec	758	710	720	720
DDI	6100a	6000a	6050a	6030a
Denso	3050	2980	3050	3060
East Japan Ry	5620a	5500a	5500a	5440a
Eisai	2300	2260	2260	2300
Fanuc	4760	4610	4700	4600
Fuji Bank	1370	1340	1360	1360
Fuji Photo	4980	4850	4950	4850
Fujitsu	1560	1500	1540	1490
Hachijuni Bk	1160	1150	1150	1150
Hitachi	1130	1070	1110	1070
Honda Motor	4290	4170	4280	4170
IBJ	1450	1420	1420	1430
IHI	334	323	333	327
Itochu	460	448	452	455
Ito-Yokado	6140	5980	6140	6000
JAL	476	468	469	475
Japan Tobacco	9290a	9240a	9270a	9210a
Jusco	2710	2620	2680	2580
Kajima	562	550	550	562
Kansai Elec	2180	2150	2160	2180
Kao	1690	1620	1630	1640
Kawasaki Hvy	425	407	424	406
Kawa Steel	245	236	239	236
Kinki Nipp Ry	690	680	685	684
Kirin Brewery	1010	995	1000	1020
Kobe Steel	163	158	160	160
Komatsu	714	695	704	693
Kubota	465	450	464	445
Kyocera	7880	7810	7850	7750
Kyushu Elec	2100	2060	2080	2040
LTCB	544	526	544	523
Marubeni	403	398	399	400
Marui	2070	1980	2030	2010
Matsu Comm	3610	3500	3600	3590
Matsu Elec Ind	2110	2080	2110	2110
Matsu Elec Wk	1280	1260	1260	1270
Mitsubishi	1090	1060	1070	1090
Mitsubishi Ch	297	285	289	289
Mitsubishi El	505	490	497	511
Mitsubishi Est	1680	1650	1670	1670
Mitsubishi Hvy	655	639	650	639
Mitsubishi Mat	649	626	626	638
Mitsubishi Tr	1820	1780	1810	1780
Mitsui	934	913	925	925
Mitsui Fudosn	1530	1510	1530	1520
Mitsui Trust	604	591	595	597
Murata Mfg	5240	5240	5240	5150
NEC	1420	1390	1410	1390
Nikko Sec	1950	1900	1930	1880
Nikon	498	477	486	477
Nintendo	11500	11200	11400	11400
Nipp Express	775	747	751	778
Nippon Oil	494	484	489	486
Nippon Steel	262	243	260	243
Nissan Motor	730	699	724	699
NKK	182	177	181	178
Nomura Sec	1480	1420	1470	1440
NTT	1090b	1060b	1080b	1070b
NTT Data	5740b	5200b	5220b	5220b
Oji Paper	552	536	542	550
Osaka Gas	286	280	280	288
Ricoh	1770	1720	1770	1740
Rohm	13600	13500	13600	13400
Sakura Bk	625	607	608	625
Sankyo	4050	3970	4020	4000
Sanwa Bank	1450	1420	1450	1450
Sanyo Elec	404	390	392	391
Secom	7970	7860	7900	7970
Seibu Rwy	5000	4880	5000	4830
Sekisui Chem	904	886	897	904
Sekisui House	1180	1150	1170	1180
Seven-Eleven	8960	8840	8940	8850
Sharp	1170	1140	1170	1150
Shikoku El Pwr	2030	1980	2000	1990
Shimizu	588	561	584	563
Shin-etsu Ch	3300	3210	3250	3210
Shiseido	2000	1950	1970	1960
Shizuoka Bk	1260	1250	1250	1260
Softbank	5070	5000	5030	5050
Sony	11000	10800	10900	10900
Sumitomo	927	880	905	875
Sumitomo Bk	1790	1740	1780	1750
Sumit Chem	445	425	444	427
Sumitomo Elec	1800	1740	1780	1730
Sumit Metal	260	255	256	257
Sumit Trust	1200	1150	1190	1140
Taisho Pharm	3110	3020	3050	3000
Takeda Chem	3590	3480	3490	3510
TDK	10200	9900	10100	9980
Tohoku El Pwr	2050	1980	2010	1980
Tokai Bank	969	945	954	945
Tokio Marine	1390	1360	1380	1380
Tokyo El Pwr	2340	2290	2320	2290
Tokyo Electron	7380	7230	7320	7260
Tokyo Gas	285	281	282	282
Tokyu Corp.	585	563	584	561
Tonen	1100	1070	1090	1080
Toppan Print	1660	1590	1610	1570
Toray Ind	689	666	689	696
Toshiba	662	637	653	644
Tostem	1850	1810	1840	1830
Toyo Trust	930	920	928	917
Toyota Motor	3760	3600	3720	3570
Yamanouchi	2920	2880	2890	2930

a: x 100; b: x 1,000

Toronto — TSE Industrials: 7008.67, Previous: 6982.79

	High	Low	Close	Prev.
Abitibi Cons.	24.95	24⅝	24.80	24.80
Alberta Energy	33.80	33½	33.55	33¼
Alcan Alum	49.20	48.30	48¼	49
Anderson Expl	17.10	16.90	17.05	17.15
Bk Montreal	59.20	58½	59.10	58.30
Bk Nova Scotia	65.60	65	65.55	64¾
Barrick Gold	31.10	30.30	30.30	31
BCE	42.60	42.15	42.35	42.40
BC Telecomm	35¾	35.15	35.60	35.60
Biochem Pharm	44.10	43.55	43.55	43¾
Bombardier B	28.55	28.05	28.10	28½
Cameco	48.10	46.55	46.70	47.70
CIBC	40.60	40.05	40.60	39.90
Cdn Natl Rail	72.30	72	72.05	72¼
Cdn Nat Res	41.55	41¼	41½	41.80
Cdn Occid Pet	37½	37.20	37.40	37.35
Cdn Pacific	42½	42¼	42.40	42.40
Cominco	33.90	33	33.40	33.85
Dofasco	28.35	28.10	28.30	28.10
Domtar	12½	12.40	12.40	12.40
Donohue A	33	32½	32.95	33
Du Pont Cda A	34½	34	34.15	34½
EdperBrascan	23½	23.35	23.45	23.45
EuroNev Mng	23¼	22.85	23.10	23.45
Fairfax Finl	395	391	395	394
Falconbridge	26	25.70	25.70	25.85
Fletcher Chall A	23¼	23	23.10	23.95
Franco Nevada	30¼	29.80	30.60	30.90
Gulf Cda Res	11.90	11.55	11.80	11.70
Imperial Oil	80.40	79	80.30	79¼
Inco	34.20	33.85	34	33.90
IPL Energy	53.60	53.30	53.60	53.60
Laidlaw B	22.45	21.70	22.20	22.30
Loewen Group	39	38.40	38½	38.80
Macmill Bldl	20.80	20.15	20.55	20.05
Magna Intl A	99¼	98.10	98¼	98
Methanex	11.35	11.15	11.30	11.30
Moore	30½	29.70	30.30	30.15
Newbridge Net	89.10	84½	89	83.60
Noranda Inc	27.40	27	27.10	27.35
Norcen Energy	35½	35	35	35.40
Nthern Telecom	146	143.70	145½	144.90
Nova	11.45	11.30	11.40	11.40
Onex	35¼	35	35¼	35
Pancan Petlm	26.30	26.10	26.10	26.75
Petro Cda	25¼	25.35	25.45	25.70
Placer Dome	22.20	21.80	21.85	22.20
Poco Petlm	13.70	13.30	13.60	13.70
Potash Sask	104.80	103¾	104.30	104.60
Renaissance	35½	35.20	35¼	35½
Rio Algom	30.95	30½	30.70	30.70
Rogers Cantel B	25.30	25	25.10	25.30
Seagram Co	49.95	49	49.30	48¾
Shell Cda A	23.35	23.10	23.20	23.30
Suncor	46	45¼	45.40	45.45
Talisman Eny	47.15	46½	47	47.10
Teck B	25.95	25½	25½	25.95
Teleglobe	50.20	49½	49.85	50.20
Telus	29.85	29.60	29.80	29.70
Thomson	33¾	33.05	33.40	33.15
TorDom Bank	47.40	46.90	47.35	46.60
Transalta	18.20	17.90	18.20	17.95
TransCda Pipe	27¼	27	27	27.05
Trimark Finl	82½	81.40	82	82
Trizec Hahn	35	33.55	35	33.20
TVX Gold	6.85	6.65	6¾	6.90
Westcoast Eny	28.60	28¼	28½	28.30
Weston	110	107½	109½	107

Vienna — ATX index: 1408.39, Previous: 1388.44

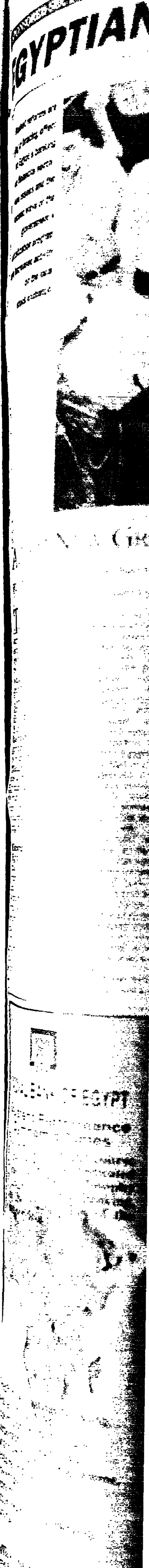
	High	Low	Close	Prev.
Boehler-Uddeh	1030	983	1021.10	984
Creditanst Pfd	635	625.10	635	626
EA-Generali	3150	3050	3150	3090
EVN	1507	1481	1495	1481
Flughafen Wien	506.40	500	504.50	499.50
OMV	1857.50	1773	1839.90	1797
Oest Elektriz	877	867.20	874	872.10
VA Stahl	584	568	576	562.50
VA Tech	2687	2625	2650	2641.10
Wienerberg Bau	2575	2500	2567	2530

Wellington — NZSE-40 index: 2573.41, Previous: 2575.65

	High	Low	Close	Prev.
Air N Zeald B	4.20	4.12	4.20	4.15
Brierly Invt	1.34	1.34	1.34	1.33
Carter Holt ord	3.46	3.43	3.45	3.50
Fletch Ch Bldg	4.80	4.78	4.80	4.80
Fletch Ch Eny	6.92	6.60	6.92	6.53
Fletch Ch Forst	2.04	2.02	2.04	2.03
Fletch Ch Paper	3.24	3.21	3.22	3.23
Lion Nathan	3.79	3.75	3.79	3.73
Telecom NZ	8.25	8.15	8.17	8.25
Wilson Horton	11.36	11.35	11.36	11.35

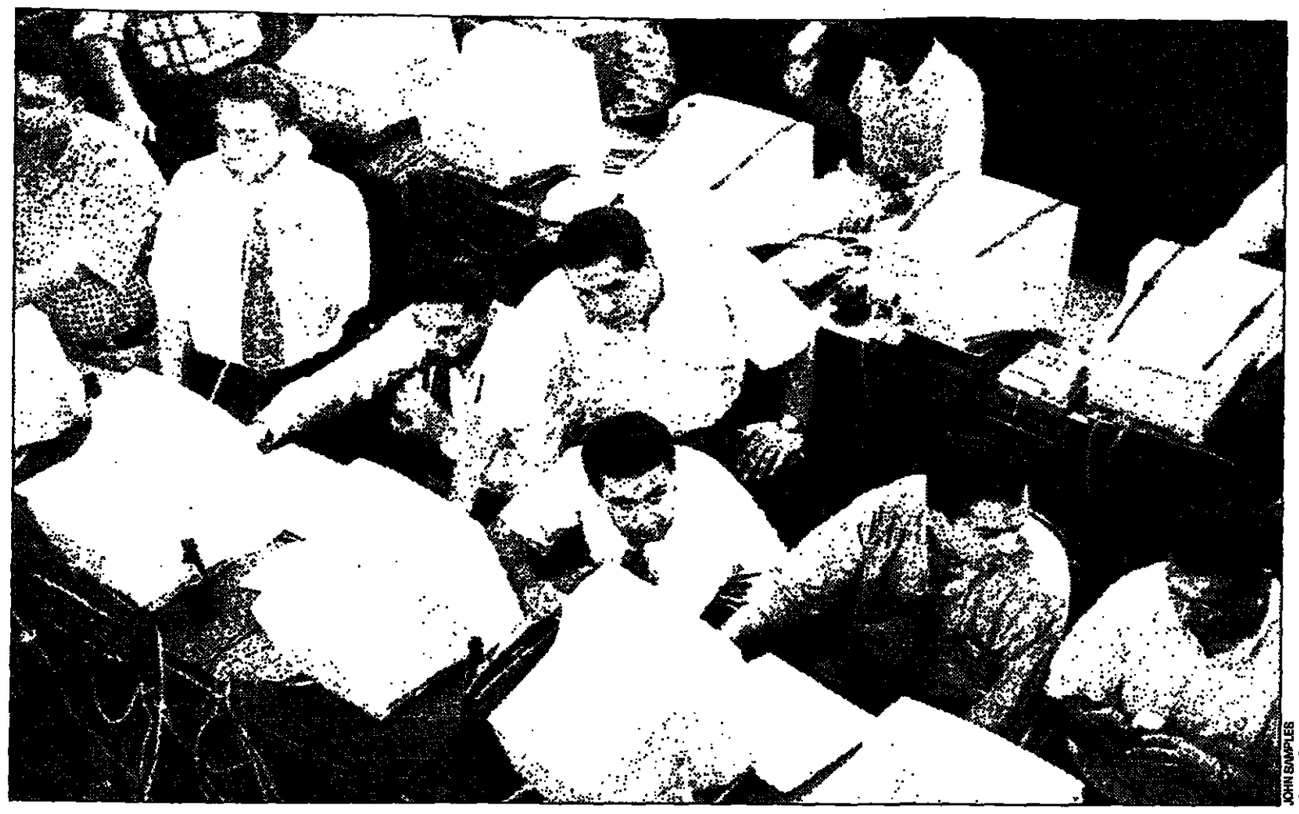
Zurich — SPI index: 3645.96, Previous: 3593.30

	High	Low	Close	Prev.
ABB B	2168	2145	2163	2146
Adecco B	576	567	573	575
Alusuisse R	1330	1315	1315	1312
Ares-Serono B	2375	2325	2340	2365
Atel R	850	845	850	850
Baer Hdg B	2184	2155	2180	2160
Baloise Hdg R	2100	2071	2090	2072
BK Vision	1152	1130	1152	1130
Ciba Spec Chem	142.50	140	142	140.25
Clariant R	1217	1186	1210	1170
Crd Suisse Gp R	196	192.75	195.75	193
Elektrowatt B	537	535	537	537
Ems-Chemie	6960	6905	6960	6890
ESEC Hdg	4025	3970	4000	4000
Holderbank B	1370	1341	1350	1358
Liechtenst LB B	573	570	570	573
Nestle R	1994	1972	1994	1961
Novartis R	2287	2245	2279	2230
Oerlikn Bueh R	187	184	187	184
Pargesa Hld B	1870	1815	1860	1840
PharmaVisn B	916	885	914	880
Richemont A	2035	1990	2035	1995
Pirelli PC	330	321	330	320
Roche Hdg PC	13475	13275	13475	13400
SBC R	397	384.50	390	382
Schindler PC	1840	1830	1830	1840
SGS B	2640	2455	2480	2690
SMH B	884	860	865	872
Sulzer R	1075	1044	1075	1035
Swiss Reins R	2231	2213	2219	2199
SAir Group R	1916	1897	1915	1907
UBS B	1622	1568	1620	1560
Winterthur R	1413	1395	1412	1402
Zurich Assur R	622	606	622	602



EGYPTIAN BANKING AND CAPITAL MARKETS

Market reforms are having a bracing effect on Egypt's banking and financial sector. New issues and the second wave of the government's privatization program have increased activity on the local stock exchange.



JOHN SAMPLES

AIMING AT NEW GROWTH FROM A SOUND ECONOMIC BASE

With GDP growth predicted at 5 percent this year and inflation on its way down, Egypt's business community is showing increased confidence.

The current positive mood in Egypt's business community is not surprising, given the pace of economic activity in a country long perceived as stifled by its bureaucracy and weighed down by economic and political difficulties.

Leading the way in setting ambitious targets for the future is Minister of Economy Youssef Boutros Ghali. He has set an annual economic growth target of 7 percent to 8 percent as the minimum needed to create opportunities for the 500,000 young Egyptians who come into the job market annually and to raise living standards for what remains an overwhelmingly poor population.

Encouraging indicators

Egypt's business community has welcomed the appointment of Mr. Boutros Ghali and notes that he is now working from a sound economic base. The country is expecting a real gross domestic product growth rate of 5 percent in 1997, while foreign currency reserves have soared to $21 billion, external debt has been reduced to less than 50 percent of GDP and inflation is under 5 percent and falling.

The privatization process has had some false starts over the past four to five years, but has also notched up some impressive successes. The government has been progressively selling state-owned companies, has opened new sectors to private investment and has added build-operate-transfer and build-operate-own to options for major infrastructure development. The Egyptian Stock Exchange has come to life. Growth figures are spectacular and, just as important, organization of the market has been tightened to ensure its transparency and its ability to cope with growth.

Individual sectors are clearly beginning to blossom. Tourism has seen some of the heaviest investment, with major growth both in Cairo and along the Red Sea and Sinai coasts. Egypt is self-sufficient in energy and is preparing to become a substantial gas exporter, while industry is beginning to attract more interest from foreign investors.

Cement, steel and fertilizers have been the first sectors to feel the impact, but Egypt also has expanding car and consumer goods industries, set up to target its healthy domestic market of 60 million consumers.

Focus on textiles

Attention is also being given to the textile industry, one of Egypt's oldest sectors, although work is still needed on pricing mechanisms that can strike a balance between the needs of Egypt's cotton growers and a textile industry that is struggling to build a place in the international market.

The government acknowledges that the bureaucracy needs to be reformed, and Mr. Boutros Ghali says that now that Egypt's serious financial imbalances have been cleared, this matter will receive more attention. He is also optimistic that, with the opening of the economy, many of the educated Egyptians who left the country in the 1960s and '70s will come back and apply their skills and experience to speeding the pace of reform.

The government has at times sidestepped difficult issues but has nevertheless made changes. For now, Egypt Air will stay in government hands, but in August it was announced that private domestic airlines would be licensed.

For many Egyptians, the country is awakening from a 40-year sleep, and is just beginning to explore its potential. The chairman and managing director of HC Securities & Investment, Hassan Choucri, identifies what he sees as the country's strong points: "Our location is good, the labor force is cheap — although it needs to be retooled and reoriented; we have a pool of educated people — as many as 2 million have gone to the Gulf to work, and Egypt has not suffered; we have land; and we are self-reliant in energy.

"Until now, we have lacked a system to take advantage of our resources," says Mr. Choucri. "but now the government has lifted its hand. Three or four years ago, we could not have foreseen today's developments, and there is no doubt that looking back in 10 years, we will be saying this was only the beginning."

Pam Dougherty

BANKS SPECIALIZE AS THEY MULTIPLY

Egypt's state banks are evolving with the times.

The government is moving closer to privatizing Egypt's four state banks, which have dominated the market for the past 30 years. The four banks — National Bank of Egypt, Banque Misr, Banque du Caire and the Bank of Alexandria — had no competitors until 1974, when joint-venture banks were allowed in an effort to encourage private investment.

Today, the banking scene is increasingly complex, with private and joint-venture banks, private and joint-venture business and investment banks, offshore banks and Islamic banks all competing in the market. The big four, however, still account for about 70 percent of the total assets held by all commercial banks in Egypt.

The conditions under which they work have also changed. In 1993, foreign banks were allowed to deal in Egyptian pounds; in June 1996 bank ownership law was reviewed, and foreign banks were allowed to take majority stakes in local banks. Some foreign partners are now negotiating to buy out their local partners.

New arrivals on the scene

Egypt is also seeing the arrival of the big names in international investment banking. HSBC Investment Banking, ING Barings, Credit Suisse and Morgan Stanley are all setting up shop in Cairo.

The state banks know they are facing new challenges. They have had certain privileges, including access to government foreign currency flows, but they have also been expected to extend loans to failing public-sector companies, and studies have indicated that bad loans could represent as much as 35 percent to 40 percent of their total loans.

Egypt's joint-venture banks, in contrast, have dealt predominantly with the private sector, both local and international, and have sounder balance sheets. "Banking is already very competitive," says Amani Mohamed Hamed, general manager of stockbrokers and investment consultants Okaz, "and privatizing the public share of the mixed banks will make it even more so."

The big four do have their own advantages, not least of which is a branch network that, among them, counts 800 branches throughout Egypt; combined assets of over $43 billion; and deposits of over $33 billion.

The chairman of the mixed-sector Misr Exterior Bank (MEB), Nabil Ibrahim, sees this as a time for new developments throughout the banking sector. "The banks will be moving into syndicated loans for project financing and private and merchant banking activities such as long-term financing through the capital market, venture capital and financial leasing, and also direct investment through mutual funds," he says. "MEB's own strategy over the coming three years will emphasize globalization and quality, and our own investment company is now up and running; our first mutual fund will launched soon."

MEB is among the mixed-sector banks whose parent state banks, in its case Bank Misr, are gradually divesting their

Continued on page 18

NATIONAL BANK OF EGYPT

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EGYPTIAN BANKING AND CAPITAL MARKETS

EQUITIES UNDERGO RAPID EVOLUTION

Economic reforms have deepened th's market.

The promising Egyptian equities market has evolved rapidly since the government, under World Bank and International Monetary Fund tutelage, began a program of economic liberalization, which included privatizing public-sector enterprises and implementing monetary and financial market reforms. The changes have been dramatic, bringing not only a reduction in the budget deficit but also lower rates of inflation — now left to market forces — exchange-rate stability and good rates of interest.

It is, however, the privatization program that has been the biggest harbinger of change, affecting the equities market through the appearance of brokerage houses, the proliferation of mutual funds and the overhaul of insurance and pension-fund regulations to improve the funds' performance. The Capital Markets Law of 1992 provided the legislative framework for the establishment of brokerage houses and mutual funds, while the sale of shares on the market resulting from privatization has created economic incentives.

New thrust for brokerages

Egyptian equities are becoming tantalizing fare for local and foreign investors as foreign banks and finance houses line up to establish brokerage wings in Cairo. Their goal is to be installed in Egypt when the volume of trading picks up sufficiently to attract more international investors. Many have formed agreements with Cairo's finance houses and hope to handle the stocks of privately owned companies to be offered on the Egyptian stock exchanges.

Out in front is EFG-Hermes, formed in June 1996, when the Egyptian Financial Group and a new company, Hermes Financial, merged. EFG-Hermes is handling the raising of capital for several privately owned companies and has mandates for several others. Says Aly El-Tahry, managing director of investment banking for EFG-Hermes: "We have just closed a deal for 100 million Egyptian pounds [$29 million] to increase capital in Arabian International Construction, a company involved in the construction of upper-end hotel and infrastructure projects, such as bridges and roads."

Furthermore, many commercial banks have set up investment banking affiliates to take advantage of the capital markets boom. Egyptian British Bank has joined forces with HSBC James Capel in an investment and brokerage agency in which HSBC has a 40 percent interest.

These developments all highlight the growing international confidence in Egypt and confirm the early high expectations placed on the market by Concord International, which in June last year set up a fund valued at $40 million to invest in Egyptian equities.

Concorde International Chairman Mohamad Younes says the process has a lot further to go, however. "Promotion of the Egyptian market only started a year ago," he says. "Overseas ignorance is still mind-boggling, and we need to chip away at the gap between perceptions and reality."

Broader base for funds

Nevertheless, mutual funds are growing in popularity. In 1994, six domestic mutual funds were set up by several banks. What began as a trickle in 1994 has in 1997 turned into something of a flood. By March, there were 13 local mutual funds, and several more are in the pipeline. EFG-Hermes, which emphasizes equities trading, bond arranging, privatization and debt issues, seems to have cornered the market in mutual funds as well.

According to Mr. El-Tahry, EFG-Hermes "manages eight mutual funds worth more than 1.6 billion Egyptian pounds and also manages incrementally 400 million Egyptian pounds in private equity funds." While private equity funds attract large investors, mutual funds mainly bring in smaller investors, Mr. El-Tahry adds.

Savings stimulus

This is an important development that is in line with government plans to stimulate savings and create openness and accountability. "In an investment environment lacking transparency, mutual funds seem to be the right investment vehicle for the small investor," said Salomon Brothers in a May 1997 report.

Foreign mutual funds are arriving in droves, even though they are subject to tax. According to capital market statistics from mid-May, the bourse had attracted 714 foreign mutual funds, spawning a plethora of fund-management companies.

The proliferation of brokerage houses and mutual funds is one indication of interest in Egypt's equities — making Egypt's bourse a favorite haunt for local and foreign investors — and the market's capitalization figures is another.

Total market capitalization — the market value of shares listed on the stock market — soared from 48.1 billion Egyptian pounds at the end of July 1996 to 63.7 billion Egyptian pounds by the end of July 1997. Three years ago, the market had only 25,000 investors; there are now over a million, according to Abdel-Hamid Ibrahim, chairman of the Capital Markets Authority.

Bigger role for insurance

Egypt is in the process of privatizing the insurance industry. Now that regulations restricting insurance companies and pension fund activity in the equities market have been dismantled, the focus has shifted to building confidence in the market by measures such as "closer surveillance and better solvency criteria," says Economics Minister Yousuf Boutros Ghali.

Insurance and pension funds are normally important market players, but in Egypt they underperform. "Life-insurance premiums do not exceed one-third of 1 percent of the GDP, and in a country of Egypt's size and potential, this figure should be around 3 percent to 4 percent of GDP," says Mr. Boutros Ghali. This means that the institutions "do not have the proper access to markets or the right expertise and technology to generate these kinds of premiums from the local economy," he adds.

The privatization of state insurance companies will precipitate change, as will policies to make Egypt's equities work harder on the stock market. After all, Egypt's pension funds in 1996 carried about $10 billion in assets and brought in $700 million annually, according to the World Bank statistics.

Jane Borges

JOHN SAMPLES

Market capitalization rose to 63.7 billion Egyptian pounds by July of this year.

PRIVATE-SECTOR LINK TO THE GLOBAL ECONOMY

Bonds are becoming an attractive avenue for raising reasonably priced funds.

The new market-oriented measures that encourage private-sector participation in the economy through a rejuvenated stock market are creating cheaper sources of funding for companies. Previous official interest-rate policies damaged the corporate debt market, as interest rates were capped, leaving little capital for investment.

The first to test the waters was the Egyptian pharmaceuticals company Hoechst Orient, which in May 1994 issued a five-year floating rate note worth 30 million Egyptian pounds ($8.8 million). Several banks have issued bonds during the last year. One of the most recent was Arab African International Bank, which raised 300 million Egyptian pounds in March 1997.

Others are preparing issues, partly attracted by the tax-free nature of bond income. Before that, the Central Bank of Egypt's bond in April 1995 raised 3 billion Egyptian pounds in the government's first flotation on the stock exchange, at a 12 percent fixed-interest rate.

The government has plans for a five-year bond worth $250 million to $300 million.

Analysts offer various ideas as to why the government wants to issue a bond at this time. Since Egypt has $20 billion in foreign reserves and a balance-of-payment surplus, there is no pressing need to raise capital as there is, for instance, in Lebanon, where massive amounts of capital must be raised for urban reconstruction.

Sources say proceeds will be used to partly finance a scheme to extend the habitable areas of Egypt from 4 percent to 25 percent in the Western Desert and Sinai, expected to cost around $29.5 billion annually.

According to reports in the Egyptian press, this bond will become a lending benchmark in issuing securities to keep down the cost of debt, replacing short-term with longer-term debt.

It will be enhanced by the International Finance Corporation's commitment to include Egypt in the Global Investible Index — meaning that international fund managers will be duty-bound to invest some of their portfolios in Egypt, thereby linking the country more closely with successful economies around the world.

J.B.

NATIONAL BANK ENTERS ACTIVE SECOND CENTURY

NBE, established by French and British investors, is Egypt's oldest bank.

Egypt's entry into the world economy as an active partner is just starting, but its major financial institution, the National Bank of Egypt, was born in the 19th century and is now celebrating its 100th anniversary.

Caught up in President Nasser's wave of nationalizations in the 1960s, it was, like other state banks, for many years what Chairman Mahmoud Abdul Aziz describes as "little more than a cash dispenser for the government."

Despite the limited range of activities open to it during the Nasser era, NBE was able to build a predominant role in the Egyptian economy and is still the country's largest bank. At the end of 1996, its assets stood at 52.2 billion Egyptian pounds ($15.4 billion), deposits at 39.1 billion Egyptian pounds and net profits at 130 million Egyptian pounds. The bank had an overall 21 percent share of the market.

Freedom to act

It has also enjoyed considerable freedom of activity. "Even 20 years ago, no one interfered," says Mr. Abdul Aziz. "We are owned by the government, but we are running things." NBE has been quick to play its part in Egypt's privatization drive and is taking full advantage of the opportunities offered by Egypt's liberalization.

Back in 1993, it had allowed its stake in the Commercial International Bank, which it originally established as a joint venture with Chase Manhattan Bank, to be diluted to below 50 percent, and in July 1996 it cut its holding further through Egypt's first global depository receipt (GDR) offering in London.

'The project needs billions, and the local private sector can't do it all'

In May 1996, NBE, together with Concord Misr Investments, launched Egypt's first offshore fund, the Egypt Investment Company. In April 1997, it took a 10 percent stake in the Nile Growth Company, a $150 million offshore fund established to invest primarily in Egyptian listed equities. Once it is fully subscribed, the new fund will be the largest in the market.

NBE has also joined with Japan's Orix Corp., the International Finance Corp. and the Commercial International Investment Co. to set up Egypt's first leasing company, and has been playing a growing role in private-sector project financing.

Mr. Abdul Aziz says the bank is now concentrating on three areas: upgrading its information technology, expanding its retail activities and adding more depth to its merchant banking activities. He is also pushing hard for a substantial increase in the bank's capital, which now stands at 1 billion Egyptian pounds. Mr. Abdul Aziz would like to see an increase of at least 500 million Egyptian pounds by the end of 1997, but must wait for the government go-ahead.

Reclamation project

He is not sitting idle while he waits. One of NBE's major projects for the future is to take a leading role in the financing of New Delta Project, or Toshka, as it is more generally known, which will pump water from Lake Nasser to reclaim 420,000 hectares (1 million acres) of the Egypt's Western Desert for agriculture.

"The project needs billions, and the local private sector can't do it all," says the NBE chairman, "so we will go to the international market for a new alliance with the international banks to raise finance." It is another pioneering move for NBE, which, even after one hundred years in the business, is showing no signs of slowing down.

Pam Dougherty

BANKS SPECIALIZE, MULTIPLY

Continued from page 18

shares. Bank of Alexandria has reduced its shares in Egyptian American Bank to 48 percent, and Banque du Caire is working on reducing its shares in Barclays and Banque Nationale de Paris.

The government has still not announced which of the state banks is to be the pioneer in privatization, although market expectations are that either Banque du Caire or Bank of Alexandria will lead the way.

All in due course

Even Egypt's fervently pro-privatization bankers and brokers do not seem to see the privatization of the state banks as a priority. The managing director of Falcon Portfolio Management, Haytham Abou El-Nasr, says there are still loose ends to be tied up at the banks. "Their losses have been covered, but it is not certain that they are adequately provisioned, and we feel that as they are the backbone of the economy, the process cannot take place overnight."

His views are echoed by HSBC Investment Banking's general manager in Egypt, Christopher Vaughan: "Philosophically, if we believe in privatization, there is no reason for the banks not to be done," he says, "but in practice, the banks play a crucial role in the economic infrastructure, and it may need a slow process."

P.D.

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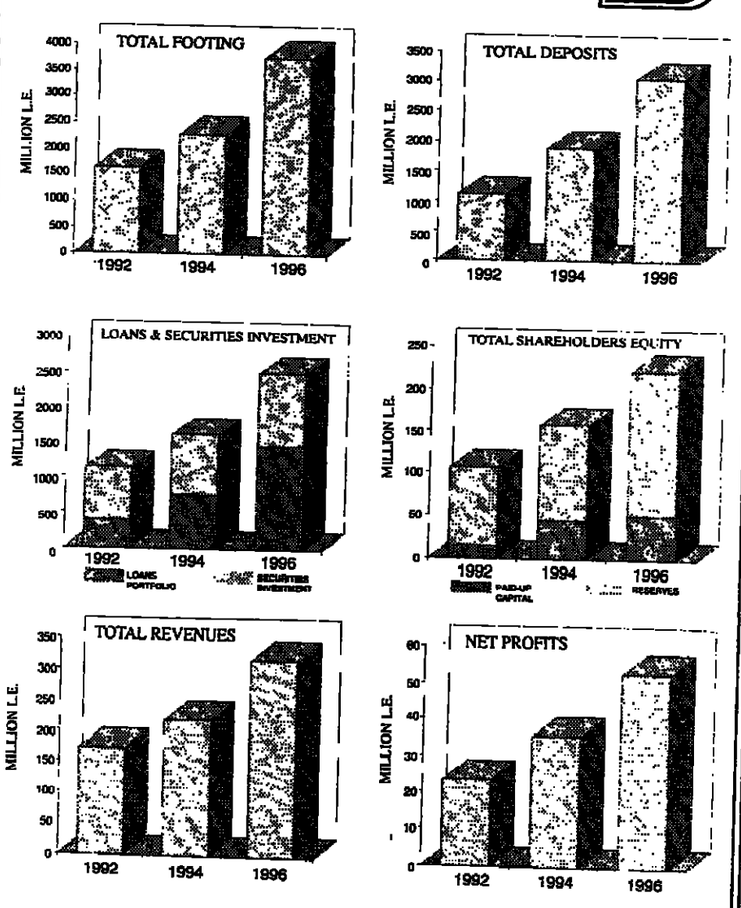

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EGYPTIAN BANKING AND CAPITAL MARKETS

JOHN SAMPLES

Egypt needs to harness both domestic and foreign capital in order to bring its new projects to fruition.

NEW SOURCES FOR PROJECT FINANCE

Attracting capital is of key concern in developing the country's ambitious new projects.

Egypt has many large projects on the agenda: huge tourist developments, infrastructure expansion, oil and gas development, light and heavy industry and, perhaps most ambitious of all, the New Delta project to transport water from Lake Nasser to reclaim 420,000 hectares (1 million acres) of land in the Western Desert.

The question still to be answered is where the money for all this activity will come from.

Egypt's own resources are enormous: an estimated $60 billion to $80 billion is held in private hands, and bankers point out that in the past five years, the country has financed far more projects without recourse to foreign funding than the famous "tiger" economies of Southeast Asia.

At times, Egypt has seemed to be awash with funds. The American Express Mutual Fund, which had a subscription of 900 million Egyptian pounds ($269 million) for what was intended to be a 100 million Egyptian pound fund, is just one of the more spectacular examples of oversubscribed funds. It is clear, however, that if project ambitions and growth targets are to be met, Egypt must harness new domestic resources and bring in more foreign money, both in equity and direct investment.

Beginning at home

The government is placing strong emphasis on boosting domestic savings and mobilizing them to support productive investment. Minister of Economy Youssef Boutros Ghali has identified Egypt's insurance companies, pension funds and social security system as institutions "in need of a major overhaul."

He is eager to see solvency criteria for insurance companies improved to enable them to invest more effectively, and he is encouraging foreign insurance companies to enter the market, bringing both investment and expertise. He is talking of privatizing Egypt's joint-venture insurance companies, citing the need for growth in the industry. As one example, Mr. Boutros Ghali points out that life insurance premiums in Egypt are just one-third of 1 percent of its GDP, while they should be closer to 3 percent to 4 percent.

Falcon Portfolio Management's managing director, Haytham Abou El-Nasr, estimates that Egypt's state-owned insurance companies are already sitting on 9 billion Egyptian pounds in reserves, and that a further 70 billion Egyptian pounds is locked up in Ministry of Social Affairs and Pension Funds. "If this could be liberalized, it would mean better pensions and a better overall economy," he observes.

In its efforts to develop new sources of long-term financing and new financial intermediaries, Egypt has been drawing on the experience of the International Finance Corporation.

"As a development agency, we have concentrated on helping to set up institutions and financial intermediaries and on acting as a catalyst to attract money to the country," says IFC's senior projects officer for the Middle East region, Tarek Allouba. "Egypt's domestic savings rate is low — just 18 percent of GDP — while to achieve its growth targets it needs 25 percent to 26 percent. The only way it bridges the gap is through foreign savings."

It is clear that to date, Egypt has been more successful in attracting portfolio investment than foreign direct investment. "FDI is still very weak," says Mr. Allouba, "and if you ask 10 different people, they give 10 different answers why."

Simpler procedures

To help overcome these problems, an IFC subsidiary, the Foreign Investment Advisory Service, is now working on a study to identify investment hurdles and ways to simplify investment procedures. The IFC has also helped to establish Egypt's first leasing company and set up a credit-rating company, and it is looking at participating in insurance and factoring companies.

The quality of projects on offer also has to be addressed. Mr. Allouba's view — "There is not a shortage of money; there is a shortage of well-conceived, well-constructed projects" — receives support from bankers.

Says one foreign banker: "The credit structures that were acceptable for the old public sector are not tight enough for ventures looking for international capital. We have seen projects that have failed to attract foreign participation, although others, such as the Sidi power project, have been very professional."

P.D.

MORE SOPHISTICATED TOOLS FOR PRIVATIZATION'S SECOND STAGE

The government's program for selling off state assets is entering a more pronounced phase, one that requires a careful balancing of priorities between buyers and sellers.

Privatization has been a major story in Egypt for the past three years, but financial observers now feel the first, and perhaps the easiest, stage is over, and it is time to move on to a new phase.

That first stage has seen impressive success in the sale of state-owned companies. The Capital Markets Authority chairman, Abd El-Hamid Ibrahim, says the market is now receiving one new company every week, and the process is set to continue.

In May, the government announced plans for further sales of shares in 20 industrial companies that have already divested small stakes over the past two years. Public Enterprise Sector Minister Atef Obeid then announced plans for sales to be carried out in three-month periods in four categories, including global depository receipts for three companies, stakes of 16 companies to be offered through the stock exchange, the sale of shares in 15 joint-venture companies and strategic stakes in another 14 companies.

In September, the government announced its hopes of raising about $5 billion by the end of 1999 with the sale of almost all of its 73 hotels and tourism-related projects. Observers welcome the commitment, even if they do not necessarily expect the government to precisely meet all its targets.

Market conditions

The organization of the Egyptian Stock Exchange is now also more in line with the needs of the free market. Mr. Ibrahim says that since 1992, the market has been reorganized in parallel with the government's privatization process to ensure that the capital market can develop as a conduit for medium- and long-term investment. Mr. Ibrahim identifies essential elements of this process as the lifting of all restrictions on the types of securities allowed and much-improved disclosure requirements.

Concord International Investments Chairman Mohamed Younes says impressive growth on the stock market is only part of the story. "There has been explosive growth in the last three years, and the biggest challenge now is to manage the process for further growth," he says. "What we need is to go to the second generation."

Mr. Younes is firmly in favor of all-out privatization, and contends that effective regulation, rather than state ownership, is the right approach even for so-called strategic industries.

As the government moves to the second stage, bankers would like the privatization process to be clearer. "At present, there is a lack of overall structure in the government's approach," says HSBC Investment Banking's general manager in Cairo, Christopher Vaughan. "Each company is dealt with in a different way, and this can confuse investors. What we need is good data and a clear procedure, so that bids can be structured properly to produce a better outcome."

Hamdy Rashad of Rashad Securities says the priority now should be on sorting out the loss-making state-owned industrial companies whose potential profits make them an attractive strategic investment. "If the government can clean the balance sheets, there will be interested buyers," he says.

Mr. Rashad points out that whenever the government offers companies for sale, there is no shortage of funds. "As many as 3 million to 4 million Egyptians have the resources to invest, and I think it could go up to 5 percent to 10 percent of the population," he says.

The question of pricing of sell-offs is always an issue, and the government is constantly treading a fine line between investor complaints of overpricing and popular perceptions that it is selling national assets too cheaply. The government recently canceled the sale of the Industrial Gases Company because it considered offers too low, but in other cases it has been criticized because share prices dropped after the sale. "There will always be questioning on prices," says Amani Mohamed Hamed, managing director of the stockbrokers and investment consultants Okaz, "so the government should not go to extremes."

Ali Al-Tahry, managing director of leading investment bankers EFG-Hermes, sees the whole process as a delicate balance between the legitimate needs of government, investors and financial intermediaries.

"We need a policy that balances between the three, and the more sophisticated players there are in the market, the more tools there are to strike the balance," he says.

P.D.

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Arab Republic of Egypt Advisory on Egypt's Sovereign Debt Rating Joint Adviser EFG-Hermes *September 1996*	Eastern Tobacco Company Secondary Offering of 3,400,000 common shares LE 330,000,000 (US$ 95,058,824) Joint Lead Manager EFG-Hermes *March 1997*	ABICE Arab Investment Company Egypt Private Placement LE 250,000,000 (US$ 73,529,412) Joint Placement Agent EFG-Hermes *February 1997*
Egypt Gas Private Placement LE 216,000,000 (US$ 63,529,412) Sole Placement Agent EFG-Hermes *February 1997*	Housing & Development Bank Private Placement LE 36,000,000 (US$ 10,588,235) Sole Placement Agent EFG-Hermes *February 1997*	Egyptian British Bank Member of HSBC Group Floating Rate Notes due 2001 LE 100,000,000 (US$ 29,411,765) Sole Offering Manager EFG-Hermes *December 1996*
Helwan Portland Cement Company Secondary Offering of 5,500,000 common shares LE 376,000,000 (US$ 110,588,235) Joint Lead Manager EFG-Hermes *November 1996*	American Express Bank Floating Rate Notes due 2001 LE 300,000,000 (US$ 88,235,295) Sole Offering Manager EFG-Hermes *September 1996*	CHLORIDE Chloride Group Plc. Sell Side Advisory on the sale of 46,800 common shares representing 52% of Chloride Egypt for an undisclosed amount Sole Sell Side Adviser EFG-Hermes *August 1996*
El Nasr Transformers & Electrical Products Co. Sell Side Advisory on the Strategic Sale of 7,017,839 common shares LE 127,761,102 (US$ 37,576,765) Co - Sell Side Adviser EFG-Hermes *June 1996*	Amriyah Cement Company Secondary Offering of 2,500,000 common shares LE 115,000,000 (US$ 33,823,529) Joint Lead Manager EFG-Hermes *June 1996*	Nasr City Housing and Development Company Initial Public Offering of 3,000,000 common shares LE 195,000,000 (US$ 57,352,941) Joint Lead Manager EFG-Hermes *May 1996*

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Global Banking and Finance

The Rush to Get a Piece of Wall St.

Commercial Banks Avidly Buying Up Investment Brethren

By Erik Ipsen

NEW YORK — Periodically, and with all the predictability of a lightning strike, commercial banks have turned on their investment banking brethren, suddenly gobbling them up at oft-outrageous prices in a veritable feeding frenzy. It happened in London in the run-up to the Big Bang deregulation there in the mid-1980s, and then again a decade later, this time with Continental banks replacing the original cast of largely British buyers.

Now that frenzy, fed by fat bank profits and a long-sought easing of regulations on banks' ownership of brokers, has shifted to America. There seven investment banks or brokers have — for a princely price — surrendered their independence since April, when Bankers Trust kicked off the orgy with its $2 billion (after tax) acquisition of Alex. Brown.

By most accounts, the phenomenon has only begun.

"I have not met a banker in months who is not interested in owning an investment bank," said Jim McDermott, president of Keefe, Bruyette & Woods, a research house specializing in banks. Rumors have even circulated of a possible pairing of industry giant Merrill Lynch with America's largest bank, Chase Manhattan, which makes no secret of its desire to buy into investment banking.

Yet if history is any guide, most of the acquirers will come to rue their decisions. Investment banks, with their erratic earnings, and vastly different cultures, have rarely meshed well with the slower paced and more regimented world of commercial banking.

For British banks, said Richard Coleman, an analyst with Merrill Lynch in London, the acquisition of investment banks widely looms in the minds of investors as a "destroyer" of shareholder value. "The logic for such deals was always flimsy and has only gotten more so," he said.

With British banks posting returns on equity of up to 35 percent in recent years on their domestic banking franchises, the notion of buying an investment bank with their infamously erratic earnings and which even at the peak of the stock market are posting ROEs in the early teens, makes little sense.

Those banks that did venture into investment banking around the time of Big Bang have paid dearly for their temerity. The investment banking arm of the National Westminster Bank has made precisely £1 million ($1.6 million) in profit over the last 2.5 years, and has long been rumored to be on the block. While Barclay's BZW investment banking arm has fared better, it, too, has consistently underperformed its parent.

A similar tale is evident in the experiences of Continental banks like Deutsche Bank (which bought Morgan Grenfell), ABN-AMRO (buyer of Hoare Govett), Dresdner Bank (buyer of Kleinwort Benson).

"Even in the midst of the bull market in 1996, the investment banking arms of these big banks often had returns on equity ranging from 8 to 11 percent," said Matthew Czepliewicz, an analyst with Salomon Brothers in London. "That is often lower than their returns on their domestic operations."

American banks, though, have a couple of crucial advantages over the Europeans. The London leg of that three-legged beast called the global capital market is arguably its most overcrowded and definitely its most fragmented one, with 15 countries and languages represented in the European Union countries alone, vs. the monolithic U.S. market.

On top of the relative ease of raising money in America, U.S. banks also benefit from ambitions which, uncharacteristically, fall well short of those of many European banks.

Whereas such Europeans as Swiss Bank Corp. and ING, both of whom have recently added American investment banks to their extant London investment banks, wax boldly on the importance of building global and terrifically expensive investment banking capabilities, most of the Americans do not.

Instead, they aim to get their hands on an investment bank solely for domestic purposes, largely in fact, to offer their middle market corporate clients the ability to underwrite new equity issues.

"The only U.S. commercial bank that has ambitions to be one of the major global investment banks is the one that has no plans to buy an investment bank — J. P. Morgan," said Raphael Soifer, an analyst with Brown Brothers Harriman in New York.

J. P. Morgan is not in the market for such an acquisition because it has built up its own investment banking operation in a painstaking, decadelong struggle. It is also an effort that critics note has yet to pay a dividend for Morgan's shareholders in terms of any improvement in the relative performance of either its earnings or its shares.

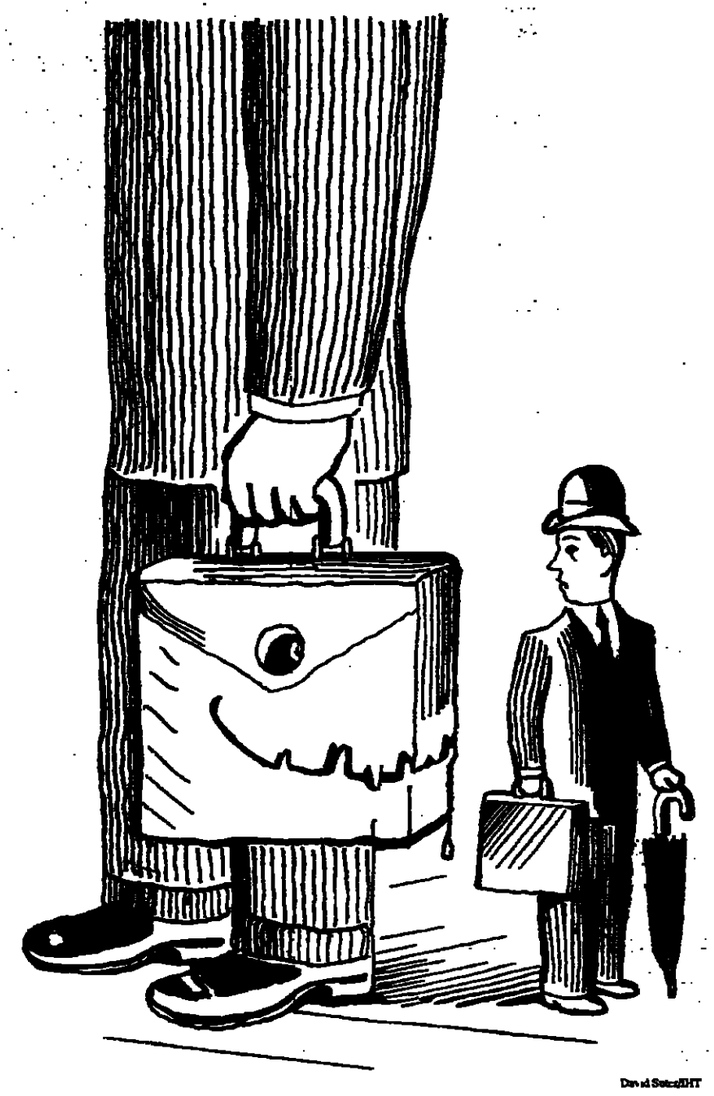
Those banks that have taken the plunge into Wall Street lately, institutions like NationsBank and BankAmerica, have at least mollified skeptics by not risking all that much.

RON MANDLE, an analyst with Sanford C. Bernstein, notes that in every case save only that of Bankers Trust, the price of buying an investment bank has represented under 5 percent of the total market value of the acquirers. (Alex. Brown's price equaled roughly 30 percent of BT's value.)

One of the most telling presences on the sidelines of the current rush from Main Street to buy a piece of Wall Street is Citibank. Citibank was one of those that leaped early, deep and disastrously into investment banking. In a series of acquisitions in the mid-1980s, it cobbled together what was briefly Britain's leading investment bank — Scrimgeour Vickers — before wholesale staff defections and volatile markets reduced it to a shell in under a year.

Today, instead of investment banking, Citibank has its chips on retail banking operations, particularly in emerging markets around the globe.

An even more basic variation on that theme has been Britain's Lloyds Bank. Its strategy of foregoing sexy investment banking in favor of pursuing a more sedentary profit from mortgages and loans to British consumers has consistently made it Britain's most profitable major bank.



David Suter/IHT

Ironically, a number of analysts on both sides of the Atlantic forecast that the show stopper of the current wave of acquisitions — the sale of a major, so-called bulge bracket Wall Street firm such as Lehman Brothers — will come from abroad. Even if a U.S. banking behemoth like Chase wanted to go for size on Wall Street, analysts insist their bid would almost certainly be swamped by richer offers from overseas.

"German banks in particular have a very low cost of equity so they need less of a return to justify their purchase of an investment bank," said Nick Collier, an analyst with Morgan Stanley Dean Witter in London.

ERIK IPSEN is a journalist based in New York.

Tuning In To Small Investors

Financial Giants Woo Lower-Income Market

By Rick Smith

PARIS — If it is a banker's fate to follow his customers, there is one class of client that no bank in the world can afford to ignore any longer: the small investor.

The pattern is remarkably similar worldwide. Dazzled by a multiyear bull run in stock markets nearly everywhere except Japan, and terrified by the near certainty that governments will have to cut back old-age security nets, small investors across the globe are trying to get in on the action before it is too late.

"Everywhere you look — in the media, in politics — it is a preoccupation," said Steffen Matthias, secretary-general of the European Federation of Investment Societies in Brussels. "There is a strong push by the public for new products and the banks are coming up with them."

What has changed and is rapidly developing is that the financial establishment used to be able to focus on holders of large accounts when it came to stock picking and asset allocation, leaving the small fry back at the starting gate with simple savings plans and insurance packages.

Although every investment primer makes it clear that stocks are a better long-term investment, the risks for small customers were traditionally too large and the returns for banks too small to open the gates to the masses. But thanks, once again, to the magic of the microchip, mountains of paperwork have disappeared and there is now virtually no account too small to produce a profit for a financial intermediary.

For as little as several hundred dollars, Americans have for some time been able to buy professional management of well-diversified portfolios from a vast array of mutual funds, while U.S. discount brokerages have recently been conducting a price war to slash fees and give the small investor access to Wall Street trading floors.

If this has made it possible for investment to become a true mass phenomenon in the United States, the largest and most sophisticated investment market, the rest of the world is moving rapidly to close the gap. Even in the officially Communist society of the People's Republic of China, for example, over 20 percent of the urban population now owns stocks, according to a survey released this month by the Horizon Research Group. And J. Mark Mobius, manager of Franklin/Templeton emerging market funds, called its potential "almost insatiable."

According to the Investment Company Institute in the United States, the volume of funds invested in equity and bond mutual funds has more than quintupled over the last decade to more than $2.5 trillion at the end of last year, while that amount has roughly tripled to about £130 billion ($208 billion) in Britain. Even in the traditionally much more conservative German market, growth has nearly matched Britain's rate, rising to 427 billion Deutsche marks ($240 billion).

"There is now a choice of 25,000 stocks and some 500,000 bond products available for investment worldwide and the public wants to take part," said Eckhard Bergmann, spokesman for DWS, the retail fund management arm of Deutsche Bank.

Governments, meanwhile, are not idle observers of the trend. As populations age and social security bills mount, politicians are trying to head off looming budget catastrophes.

"Part of the strategy of governments is to encourage a much deeper and much wider level of investment among the public," said Emma Weiss, an analyst at Britain's Association of Unit Trusts and Investment Funds. "The idea is to attract the lower-income market."

Such thinking has led to this spring's round of tax cuts on capital gains in the United States and the introduction of a wider variety of tax-advantageous retirement investment plans. Among the many other countries rethinking investment incentives, Britain is reviewing its decade-old standard, the Personal Equity Plan, with a view toward expansion, while Germany's Parliament is studying a government proposal to allow more aggressive investment vehicles that will be focused on stocks rather than bonds.

Such shifts in legislation are creating fertile conditions for the investment world to scan the globe for ever more complex and original savings vehicles. Fidelity Group, Charles Schwab & Co., J.P. Morgan, ING and Zurich Corp. are members of a growing circle of financial powerhouses that want to offer the investor — and not only the large one — a supermarket of financial products.

Nor are the world's financial giants content to stay home in spite of some legal problems in crossing borders.

Schwab and Fidelity are notable examples of U.S. firms that are conducting extensive campaigns to solidify their footholds in Britain and Europe's Continental markets.

RICK SMITH is on the staff of the International Herald Tribune.

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Japanese Come to Terms With Idea of Credit Risk

Shaken by Collapse of Bubble Economy, The Mindset of Investors Begins to Change

By Miki Tanikawa

TOKYO — In the past few years, Japan has seen some of its trusted corporations listed on the Tokyo Stock Exchange go bust and some smaller financial institutions declared insolvent, prompting a fundamental shift in attitude among investors and the public alike toward the concept of credit risk.

This is a country in which people have had an almost legendary belief that banks and firms listed on the Tokyo Stock Exchange could never go under.

But the series of nerve-racking events, including a highly publicized run on failed banks and the massive bottom-line losses by the top banks — incidents that had once been considered virtually impossible in Japan — are challenging the mindset of people who once described their system as the most risk-free, stable economy in the world.

And fueling the market jitters are the spate of recent bankruptcies of firms in Japan's construction sector which is paying for the wild expansion of the economic heyday of the late 1980s.

"Collapse of the bubble economy altered investors' perspective on risk," said Wakako Komatsu, analyst at Daiwa Institute of Research. "There have been companies whose performance swung wildly and the potential for bankruptcy loomed."

At a deeper level, it was the abrupt end of the economic system underpinned by ever-appreciating asset prices that brought about profound changes. The steep rise in asset value — many companies carried sizable assets in the form of stocks and land holdings on their balance sheets — had served as a comfortable cushion when the business environment turned sour.

"At a time when such a mechanism was at work, bankruptcy was not a possibility," said Masaru Kakutani, representative director of Moody's Japan K.K. "There was a legendary belief that under the Japanese system, big companies never go under."

Another significant movement paralleled the collapse of the bubble economy. The government began to release its grip on Japan Incorporated.

"In the past, there was supposed to be no such thing as individual credit risk [for big companies] in Japan," said Mariko Kodama, credit analyst at Mikuni & Co. Risk, as it were, was socialized, she explained, because of the efforts by the financial authority to control and limit private-sector risk.

Under this system, big companies in Japan were under the embrace of the banks, which were committed to extending protective support should companies fall into financial trouble. The government, in turn, ensured that no financial institution would fail.

This "syllogism," Ms. Kodama said, was the centerpiece of the nation's system of risk management, making corporate risk virtually a matter of sovereign risk.

The shift in the government's stance was evident when it ordered the shutdown of Hanwa Bank, an ailing regional bank based in Wakayama Prefecture, last November, sending a clear signal to the market that the government would no longer lend a helping hand to financial institutions.

ONE OF the greatest challenges facing Japanese banks is to shift from loan practices based on the collateral value borrowers can offer to assigning risk premium in accordance with the perceived risk of default.

The embarrassment felt from the series of loan fiascoes, which eventually pushed banks into the red for the first time in postwar history, is causing the banks to reconsider their conventional loan methods, said Shinichi Taniguchi, deputy manager of corporate planning at Sanwa Bank. Bankers are now turning, albeit slowly, to scientific methods of risk analysis, quantifying risk and charging differentiated premium as they see fit to the borrowing entities, Mr. Taniguchi said.

Japan's lack of training and accumulated know-how in analyzing risk is, in fact, one main reason that its financial institutions lag considerably behind their Western peers in competitiveness. Banks are not well equipped to profitably loan to companies and the lack of a mechanism to control risk holds back institutional investors from initiating risky but lucrative investments.

Japan's insurance firms are also ill-prepared to compete with their Western rivals because the government-controlled premium rate has shielded them from developing the sophisticated technology in risk assessment that is essential in underwriting insurance.

Rationalization of the Japanese financial markets is a welcome ingredient for foreign investors like Clifford Shaw, president of Mercury Asset Management Japan Ltd., because markets behave in a fashion more akin to the ways foreigners are used to at home. In addition, risk management and analysis a new domain for the Japanese, are Western financiers' strong suit.

Continued on Page B

GLOBAL BANKING AND FINANCE / A SPECIAL REPORT

The Euro Deadline: As They Ready Systems, Banks Also Rethink Strategies

By Sharon Reier

PARIS — While European finance ministers and central bankers are still debating just how qualified each country is to meet the Maastricht requirements for a single currency, Europe's banking community cannot afford to dither. It is plowing billions into the preparation of computer systems and personnel training for Jan. 1, 1999, when banks must be ready for the switchover to the euro.

While local currencies will still jingle in European pockets until at least 2002, banks' payment settlement systems, cross-border loans, stocks and bonds business and currency trading and derivatives transactions will be denominated in euros.

Besides the massive operations factor, many European banks are realizing that the introduction of the euro will require strategic rethinking. As the euro ushers in a more level playing field, removing the competitive advantage of local currency trading profits, banks must reposition.

Matthew Czepliewicz, a banking analyst at Salomon Brothers in London, observed: "It will pressure the banks to consolidate." Pressure, he added, will be particularly keen on large and medium-size banks in medium-size markets like Belgium and perhaps Sweden and Denmark.

Meanwhile, the expenses mount. So far, Deutsche Bank reports it is budgeting 400 million Deutsche marks ($235 million) to prepare for the euro. It is estimated that globally the bank will have to examine 100,000 programs and 200 million lines of program code.

"We at Deutsche Bank do not believe there will be a postponement," said a Deutsche Bank spokesman, Dietlev Rahmsdorf, "and if a bank is not able to prepare, they can close their doors."

In France, no one is taking any chances. French banks, with their Napoleonic heritage of centralization, have been given specifications on simultaneous changeovers of capital market activities and are expected to spend in the aggregate 20 billion francs ($3.4 billion) to ready themselves, according to Pierre Simon, general manager of the French Association of Credit Institutions and Investment Companies.

"We have to finish in approximately mid-1998," he added, "in order to be able to test all our systems in the second half of 1998." Not all that money will go for computer systems. "Half will go to train people, to train all our staff," Mr. Simon said. "We have to change all our documents."

While each French bank will be responsible for managing its own investment, Mr. Simon said, "We have decided to ask an auditing advice company to help us in the general planification of the changeover of capital markets businesses, so we are able month after month to know if everyone is respecting the general planning. It is a risk that in France, in Paris, we have thought a lot of about. We finally decided it was not possible to take the risk to have every bank and interbank system running as a kind of black box."

At Deutsche Bank, German entrepreneurs get some advice on the euro.

Even in Britain, which by all reports will opt out of the first round of currency convergence, many banks are taking steps to ensure that clients who do business on the Continent can conduct it in euros. Barclays Bank is reportedly spending £120 million ($190 million) on the new capability.

All this spending sounds like it might eat substantially into bank earnings, especially at ailing institutions in Italy and France. But since the cost will be spread over several years and will be coupled with projects like the year 2000 changeover, the costs will be barely visible to the bottom line.

As for local retail banks where "you primarily service individual and small businesses," said Evan Bauer, vice president and senior research adviser at Giga International, an information technology strategy company, "then what you need to do is help your customers' transition from one currency to another. It is primarily a customer service function, and the task is relatively controlled."

Earnings for some financial institutions may be plagued by a noticeable shift in business at larger and medium-size merchant banks, as the euro changes patterns in the capital markets and corporate banking businesses.

Mr. Bauer warned: "If a bank has been making money trading Deutsche marks for francs for pounds, you have just lost a profit center."

He added: "Those whose primary dealing room activities and transactional activities were based on European currencies to dollars and yen will be better off than those whose primary profit and operations were based on currency trading among European currencies on behalf of intra-EC trade. That means global multinational banks will be in better shape than regional multinational banks for the next few years. And in the banking business, a few years is a long time."

On the corporate side, the euro will give large multinational companies less incentive to maintain accounts in every European country.

As Mr. Simon said: "If you are a large American corporate and you have business all over Europe, you had bank accounts in Paris for your French operations and bank accounts in Germany for your German operations. With the euro you will need one centralized account for all your operations."

But despite a widespread French hope that Britain's opt out from EMU will give French financial institutions a competitive advantage over London in euro trading and investment fund management, some remain skeptical.

Michel Aglietta, a professor of economics at the University of Paris X, said: "It will be interesting to know if the U.K. outside of EMU will be an obstacle or not. If you go back in history, the eurodollar market developed in London even though the U.K. was not in the dollar area. They could be the center of nonresident transfer between euros and foreign currencies."

SHARON REIER is a freelance journalist based in Paris.

London Is Unlikely to Be Dethroned as Center of Europe's Capital Markets

By Conrad de Aenlle

LONDON — The wisdom displayed in the feverish expansion by Continental European lenders into investment banking in the last three years is not universally acknowledged, but there is little fault found with their decision to anchor their operations in London.

The British government and public remain deeply skeptical of European integration, especially the economic and monetary union planned to start in 1999, but London's financial infrastructure, relaxed regulatory environment and the aggressive sense of competitiveness of its deal makers and traders make it the favorite to remain the center of Europe's capital markets for years to come.

"All the things that support the investment banking industry are in greater quantity and quality in London than anywhere else," said Ian Molson, who runs Credit Suisse First Boston's European corporate and investment banking business. "The pool of human capital available to work in London is, by a vast multiple, greater than anywhere else. They are well trained, highly mobile and highly international. When you put all those things together, it's a pretty heady mix. No Continental center comes close to matching it."

A few years ago, when the Maastricht Treaty on European Union was signed, one Continental center was expected not only to match London but to surpass it.

"Everyone said the business was all going to go to Frankfurt," Dick Brealey, a professor of finance at London Business School, recalled. "That sort of extreme view was nonsense." Mr. Brealey led a research project in the early 1990s that examined the future of the City, London's financial district.

That was before the latest round of acquisitions, in which Deutsche Bank, Germany's largest, bought Morgan Grenfell; Swiss Bank Corp. bought S. G. Warburg; Dresdner Bank, another of Germany's big three, bought Kleinwort Benson and, in the most notorious example, the Dutch bank Internationale Nederlanden Groep, as it was then known, took over what was left of bombed-out Barings.

Earlier purchases by Continental banks include Hoare Govett by ABN-AMRO of the Netherlands; Phillips & Drew by Union Bank of Switzerland and Laing & Cruickshank by Credit Lyonnais of France.

The buyers tend to be northern rather than southern for two reasons: Competition is greater in northern European banking, and capitalism is more familiar to Anglo-Saxon institutions.

"The whole investment banking business is one that a bank would typically like to enter if it's in a mature market with strong competitive pressures," Mr. Molson said. "I don't think Italian and Spanish banks are under quite the same pressure yet, and culturally it's a much bigger leap. The investment banking tradition is not very prevalent."

As computer whizzes in California's Silicon Valley understand once a place becomes dominant in a particular field, it tends to maintain its dominance as its reputation draws new people and money. The liquidity in London — the aggregate resources of the banks and professional investors — attracts new banks looking to get a piece of it and in the process bring additional capital.

"London has enormous liquidity and market size," Gerhard Novy, a member of the managing board of Creditanstalt, a large Austrian bank, pointed out. "Liquidity is the most important factor." A close second, in his opinion, is an easier regulatory regime and smaller capital requirements than in other countries. That allows banks to do more business with less money and is one reason why Frankfurt has not caught on.

"In the first instance, it seemed like a good idea," Mr. Novy said of setting up investment banking operations in Germany's financial hub, "but you still have [more regulatory] restrictions, and banks are not interested in paying more in a country if they can go to London and cover the same markets. Therefore the concentration is there."

For that reason, Mr. Brealey of London Business School noted, the City has become a magnet for sharp operators from the Continent who want to become traders and merger-and-acquisition specialists but have few opportunities to use their "aggressive, macho trading mentality" in their home markets.

"Deutsche Bank and SBC have talked about the fact that they're getting expertise they can bring back to their home offices," he said. "If you want to get into complicated derivatives, the easiest way is to buy it in London but have it flow back to Frankfurt and Zurich."

Banking analysts have questioned whether they and the other purchasers of London banks have been making the best use of their newfound expertise. Financial returns from their acquisitions have in many cases not been stellar, considering that market conditions have been ideal for underwriting, trading and asset management.

BANKS have also been plagued by staff defections, although representatives invariably insist that their institutions have been minimally affected, and that in any case this sort of thing always happens in a merger. It is especially damaging, though, in a business that depends heavily on personal relationships and individual imagination.

Critics of the Continental Goliaths argue that some of the best operators at their investment banking arms have left because the new owners, plagued by a leaden, bureaucratic corporate culture, fail to understand and nurture the mavericks that are lured into that field.

"It's a creative business like advertising, and the big banks just don't see that," one industry observer said. "A lot of the small investment banks have just been destroyed. There are a lot of smart people working at banks, but very few wise ones."

But at some investment banks there are people who start out too clever for their own good and end up looking not very clever at all, such as the trader who did in Barings and the fund manager at Deutsche Morgan Grenfell fired after portfolio irregularities were discovered.

Banks have to balance the need to keep their employees from going too far without excessively reining them in.

"Deutsche Morgan Grenfell moved everything to London, then had trouble and took a lot of the operation to Frankfurt; they've had a lot of new restrictions built in," Mr. Novy said. "Control is the main obstacle. If you don't control enough and leave too much leeway, you get into trouble."

CONRAD DE AENLLE writes about finance and investment from London.

Prague Pins Hopes on Bank Sell-offs

By Peter S. Green

PRAGUE — It could well be the fire sale of the century. With its economy stalled and the unsupervised financial sector at the heart of the problem, the Czech government is preparing a rapid sell-off of five leading banks that it still controls. The sales are expected to take one-and-a-half to two years, and could well breathe life back into the Czech economy, where growth and investment have all but stopped.

Overstretched, admittedly poorly managed and, by conventional accounting standards, insufficiently provisioned against loans that are unlikely to be paid back, the major Czech banks are no longer the country's economic motor and have run out of the cash needed to prop up an industrial base that still needs substantial investment and restructuring.

Slated for the auction block are 48.7 percent of Komercni Banka, Central Europe's largest, with assets of 456 billion Koruny ($13.7 billion); 45 percent of Ceska Sporitelna, the former state savings bank with a massive branch network and vast deposits; and 65.6 percent of Ceskoslovenska Obchodni Banka (CSOB), which is mainly involved in financing foreign trade. Also expected to be sold is Agrobanka, a privately owned bank that was barely saved from collapse last year after its owners siphoned off the bank's assets and it was finally put into forced administration.

The government has already agreed to sell its 34-percent stake in Investicni a Postovni Banka, with its troubled web of investment funds, industrial holdings and banking services, to the London branch of Japan's Nomura Group.

Despite winning Parliament's preliminary approval for the sales, Prime Minister Vaclav Klaus's center-right coalition is accused by the opposition Social Democrats of selling the banks too cheaply. And the government may still have to negotiate with a rebel MP who holds the key swing vote and wants bank sale proceeds to finance a trust fund for the crumbling social insurance system.

Hungary has largely privatized its state-owned banks, and Poland has already sold off several, too, while share prices of the leading Czech banks indicate they could have brought far more money if they had been sold earlier.

"It's tempting to say they've sort of missed their chance and they should have privatized the banks a couple of years ago," said Michael Wheelhouse, a banking analyst at Nomura International in London. "All potential buyers of Czech banks these days will consider that they have a very good chance of getting the banks cheap, especially because of the bad loans," he added.

Recent audits, parliamentary questions and investigative reports by industry analysts and Czech journalists have shown that the real estate, aging industrial plant and other collateral most Czech banks counted on as reserves was highly overvalued.

"Czech banks rely heavily on collateral, and if it proves to be difficult to realize collateral at an adequate value, these banks will really have troubles," said Martin Nejedly, a banking analyst at brokers Wood & Co. in Prague. Weak legislation makes it difficult for banks to repossess property and sell it off swiftly. Mr. Nejedly said Czech banks until recently kept lending good money to bad debtors, so that earlier loans could at least be serviced, adding to the bad loan problem.

At Komercni Banka, where bad loans account for about one-fourth of the portfolio, real estate collateral is discounted by 35 percent when provisioning. Still, the bank is 37 billion Koruny underprovisioned by Western standards.

That fuels the opposition's call to restructure the banks before they are sold, a view echoed by analysts. Denise Vergot Holle, of the U.S. investment bank Merrill Lynch wrote in a recent report: "Privatization of the largest Czech banks is in our view hostage to a loan portfolio cleanup." Poland and Hungary both cleaned up their banks before selling them off, she noted.

But not everyone agrees.

"[illegible] asked Mr Nejedly, "The government has difficulty balancing its budget, so where the hell should they get the money from?"

The government agrees. Just before it approved the sale of its stake in Investicni a Postovni Banka, the country's most troubled large bank, a senior government official confided that the government could no longer wait because IPB could be only weeks from a collapse that might have brought down the country's entire banking system.

Indeed, last year eight Czech banks failed. Poor management and outright theft were blamed for most of the collapses, and the Czech National Bank had to bail-out depositors. Investicni a Postovni Banka's final sale price will only be known when twin audits are finished later this year, because poor management and opaque share transfers have saddled it with a loan book that is about 18 to 20 percent bad.

While Nomura has agreed to pump at least 6 billion Korumy into Investicni a Postovni Banka, the government has agreed to buy back many of the bad loans from Nomura.

Analysts expect the government to do just as badly selling Komercni, Sporitelna and CSOB. In the first half of 1997, Komercni's profits fell 35.3 percent and Sporitelna's fell 55 percent.

Komercni's share price has nearly halved in the past year, and analysts expect the government's stake to go for even less, as more large debtors default and audits reveal more problems.

Slovakia's reluctance to sell its stakes in Komercni and CSOB could also hurt sales prospects.

The government blames the banks for their own problems, and notes that it has already taken many Communsit-era bad debts from them. But bankers say that as their largest shareholder, the government ought to have given them more direction. "There is zero coordination between the state as regulator and the state as an owner. Their banking policies are led by short-term political considerations and banks can't operate with short-term horizons," said a senior official of one bank.

Who will the new buyers be? The government wants to find a single buyer for each bank, a clear indication that it feels the current management is not up to the task of rescuing the banks. GE capital of the United States and the Dutch groups ING and ABN-Amro, both already present in the region, are tipped as favorites. Austrian and German retail banks may also join the queue.

PETER S. GREEN is the International Herald Tribune's East Europe correspondent.

Japan Enters Age of Risk

Continued from Page A

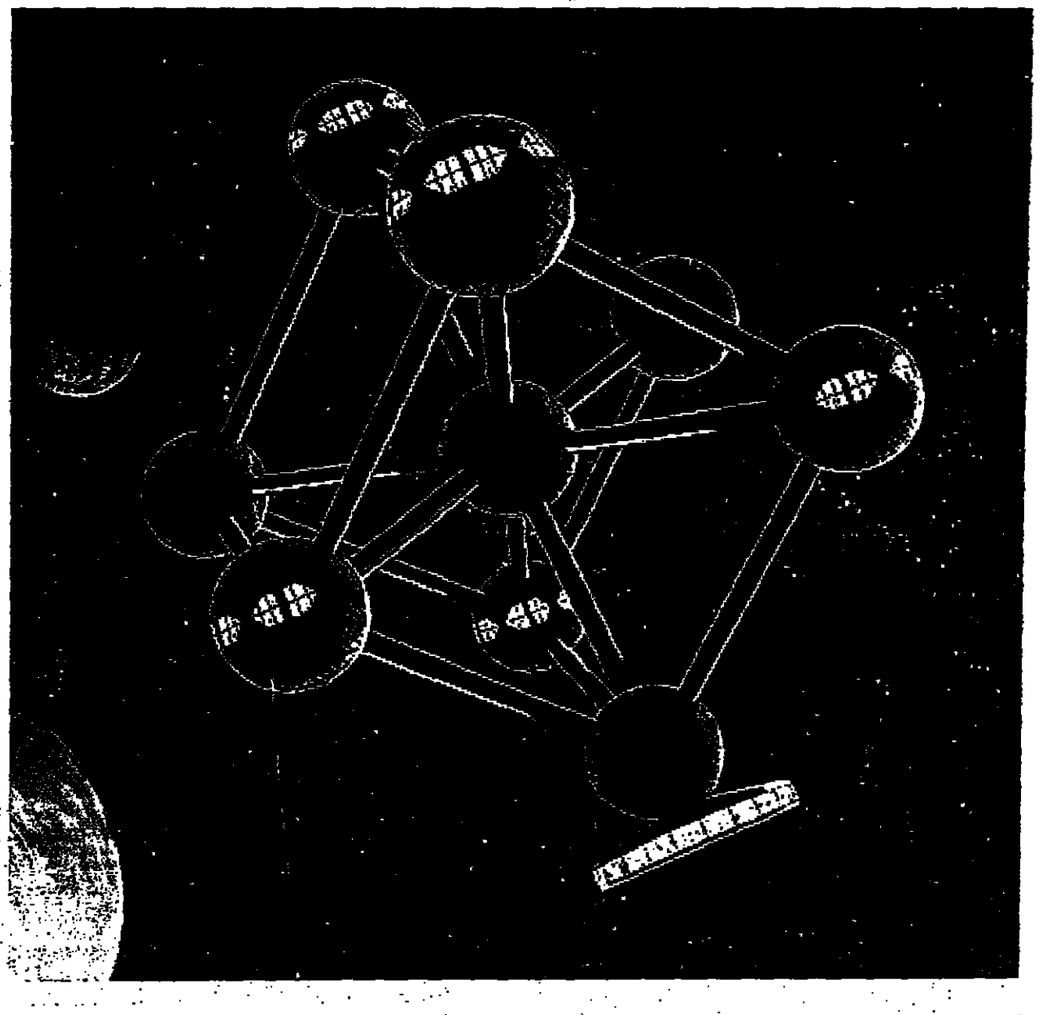
"This is the time we have been waiting for," remarked Mr. Shaw.

The trend is even more auspicious for people in the risk-related business such as Moody's Japan K.K., the Japan unit of Moody's Investor Service.

The credit-rating agency indicated — without giving out numbers on the growth of sales or readership of its publications — that business has grown, pointing out that its staff has increased from 20 people six years ago to 50 today.

Tokyo Shoko Research, which maintains credit information on one million Japanese companies, said that the number of company reports it sells to clients has been growing by at least 10 percent annually and that subscribers to its online information service almost tripled in the past year from 700 to more than 2,000.

MIKI TANIKAWA is a journalist based in Tokyo.



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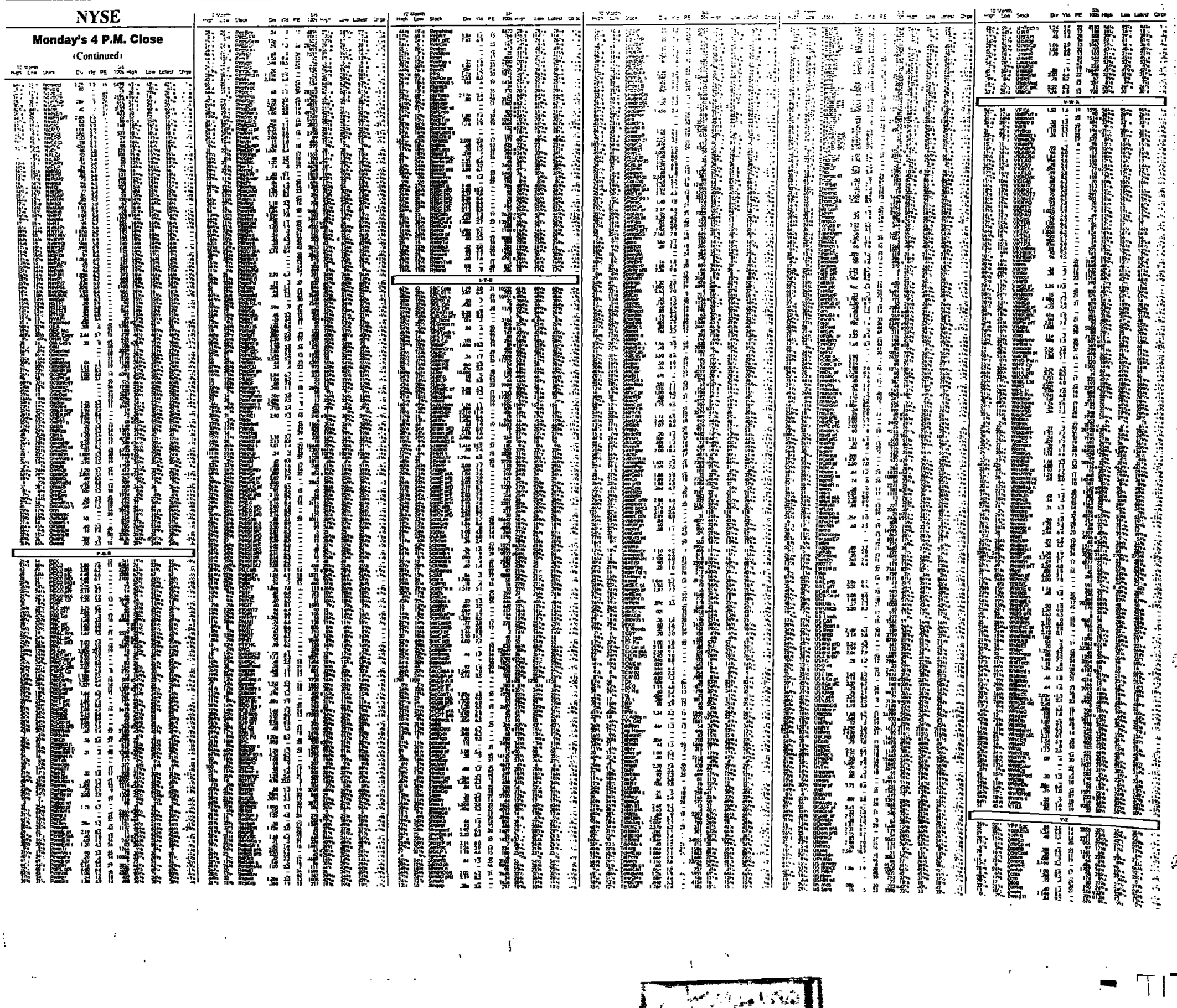

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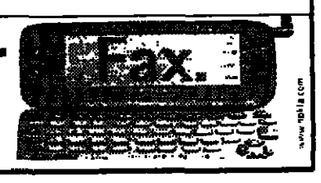


NOKIA 9000

WORLD ROUNDUP

Svorada Captures Vuelta's 16th Stage

CYCLING Jan Svorada of the Czech Republic sprinted to win the Tour of Spain's 16th stage on Monday, a 195-kilometer (121-mile) race from Cangas de Onis to the Atlantic coastal city of Santander.

Svorada edged past Marcel Wust of Germany and Alessio Di Basco of Italy to cross the finish line with a time of 3 hours, 54 minutes, 7 seconds. He finished with a pack of 20 riders. The victory was his second stage victory in this year's Tour.

Alex Zulle of Switzerland maintained his lead of 2 minutes, 46 seconds over Fernando Escartin of Spain. Zulle's compatriot, Laurent Dufaux, who slipped to No. 3 overall on Sunday, stayed there at 3 minutes, 39 seconds behind Zulle.

Tuesday's stage covers 195 kilometers from Santander to Burgos. *(AP)*

Lawyer Asks Albert Jury About 'Fatal Attraction'

A jury of seven women and five men was seated in Arlington, Virginia, on Monday to hear the trial of the American sportscaster Marv Albert, but not until its members assured a judge and attorneys that they could handle graphic testimony about violent sex.

Perhaps opening a window into the defense's strategy, Albert's lawyer, Roy Black, asked about 20 potential jurors if they had ever seen the movie, "Fatal Attraction." The film is about an obsessed woman who refuses to let go of a failed love affair and stalks her ex-lover.

Albert, one of best-known sportscasters in the United States, is accused of severely biting a longtime lover and forcing her to perform oral sex. He pleaded not guilty Monday to charges of assault and battery and forcible sodomy.

Defense attorneys plan to argue that Albert had consensual sex with his 42-year-old accuser. *(AP)*

Cayard Leads Whitbread

YACHTING Paul Cayard's EF Language held a narrow lead Monday after the first 24 hours of the Whitbread Round-the-World Race yacht race.

The fleet covered nearly 200 nautical miles in the first 11 hours. But as the wind died, the 10 boats dropped off to an average speed of just 6 knots and languished off the northwest tip of France. *(AP)*

Bills Spot Colts 26 and Still Win

The Associated Press

The Buffalo Bills made another comeback for the record books.

They overcame a 26-0 deficit, then stopped a 2-point conversion and a pair of desperation passes in the final seconds on Sunday to beat the Indianapolis Colts, 37-35, in the third-biggest comeback in National Football League history.

Buffalo's victory at home was reminiscent of its triumph over the Houston Oilers in the 1992 AFC playoffs. In that game, the Bills trailed, 35-3, before they won, 41-38, in overtime on their way to their third Super Bowl.

Against the Colts, Antowain Smith rushed for 129 yards and three touchdowns, including a 54-yarder that made it 37-29 and appeared to seal the victory with 1:14 left.

But Indianapolis (0-4) moved 80 yards and made it 37-35 when a reserve quarterback, Paul Justin, playing for a groggy Jim Harbaugh, hit Marvin Harrison with a 2-yard touchdown pass with 14 seconds left.

Kurt Schulz then stepped in front of Justin's pass for Harrison on the 2-point conversion, preserving the victory for the Bills.

Bucs 31, Dolphins 21 Tampa Bay improved to 4-0 for the first time since 1979 as Trent Dilfer passed for 248 yards and a career-high four touchdowns against visiting Miami.

Dilfer had a pair of short scoring passes to Mike Alstott, a 38-yarder to Reidel Anthony and a 58-yard screen pass to Warrick Dunn, which was more than enough to keep the Buccaneers as the only unbeaten team in the NFC.

Packers 38, Vikings 32 Green Bay (3-1) won its 21st straight at Lambeau Field as Brett Favre threw two scoring passes to Antonio Freeman and one each to Robert Brooks, Terry Mickens and Mark Chmura. That broke Bart Starr's Green Bay record of 152 in a span of 16 seasons. Favre has 156 in just five-plus seasons with the Packers.

NFL ROUNDUP

Seahawks 26, Chargers 22 Seattle had only two yards rushing at halftime, but Steve Broussard ran for 72 yards on 11 carries in the second half, keying the rally for the host Seahawks (2-2). John Carney kicked five field goals for San Diego (1-3).

Saints 35, Lions 17 At the Superdome, Mario Bates ran for 162 yards and two touchdowns and passed for another on a halfback option as the Saints won their first game under Mike Ditka, who had berated the team after it started 0-3.

Broncos 38, Bengals 20 Terrell Davis's club-record 215 yards included a 50-yard touchdown run early in the fourth quarter that gave the host Broncos (4-0) a 28-20 lead.

The Bengals (1-2) tied the score on Ki-Jana Carter's 79-yard touchdown run early in the second half. Carter finished with 104 yards, the first 100-yard rushing game for a Bengals back in 168 games.

Ravens 36, Oilers 10 The Ravens, 0-8 away from Baltimore in their first season, won their second successive road game before just 17,737 in Tennessee. Vinny Testaverde threw for 318 yards and three touchdowns for Baltimore (3-1).

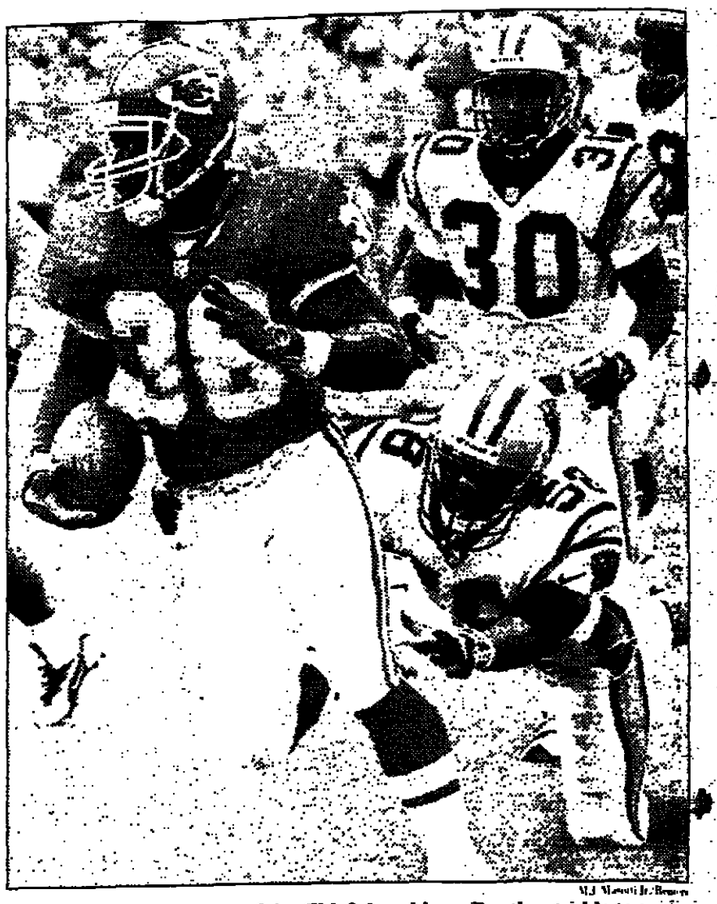
Chiefs 35, Panthers 14 Elvis Grbac threw three touchdowns for the Chiefs, and Kansas City (3-1) had four interceptions against Kerry Collins. It was the second loss in a row at home for Carolina, which was 9-0 there last season.

49ers 34, Falcons 7 Steve Young had touchdown passes to Terrell Owens and J.J. Stokes, and Terry Kirby ran for two scores for the host 49ers (3-1).

Rams 13, Giants 3 Two field goals by Jeff Wilkins and a late 4-yard touchdown run by Craig Heyward were more than enough for the host Rams (2-2). The field goals would have been enough for the St. Louis defense, which sacked Giants quarterback Dave Brown four times and harassed him all afternoon.

Jets 23, Raiders 22 Oakland (1-3) appeared headed for another victory as Jeff George threw for 374 yards and three touchdowns, beating cornerback Otis Smith on each. But the visiting Raiders missed an extra point and four field-goal attempts, one that would have won the game in the final minutes and another that was blocked and returned 72 yards for a touchdown by Ray Mickens.

Patriots 31, Bears 3 In Massachusetts, Drew Bledsoe threw two touchdown passes for New England (4-0), and Curtis Martin had a 70-yard touchdown run. Bledsoe threw for scores of 7 yards to Vincent Brisby and 52 yards to Troy Brown, giving him 12 touchdown passes in four games.



M.J. Mowatt Jr./Reuters

Fullback Kimble Anders of the Chiefs breaking a Panther tackle to score.

Battered Warriors at Prayer: What's Going On in the NFL?

International Herald Tribune

Vantage Point/**IAN THOMSEN**

EVERY MAN is invited to come pray — with a few guidelines. Only NFL players may take part. The prayers are held at midfield after every game, and members of opposing teams are expected to kneel and hold hands in full view of an audience that pays a lot of money to watch them beat hell out of each other for three hours every Sunday.

"Usually all the guys who are Christians and believers come together at midfield and pray," one of the New York Giants' linebackers, Corey Miller, said in a recent interview. "We thank God for the gifts He has given us, we pray for the continued right to play this game, we even pray for the team traveling or going back home."

Football in the NFL is probably the most violent team game in the world. The players spend much of their lives bulking up. They coat their heads and shoulders in plasticized armor and attack each other as if they were shot out of cannon. Coaches often see themselves as generals.

To some observers outside America this ritual of prayer after battle, which is not new but is becoming more and more prevalent, is going to seem like another example of the United States behaving like a political cartoon. Every time an American athlete thanks God for his victory, you can hear the groans around the world — there the Yanks go again, believing the Lord is on their side.

But look it another way. What would happen if soccer players from opposing teams decided they wanted to kneel together in prayer after a Serie A game at the San Siro in Milan, or at West Ham in the East End of London? Probably it wouldn't be allowed. The fans might not put up with it.

The NFL apparently didn't like it either when the public displays of brotherhood began at the Super Bowl in 1990. "They tried to fine us and do a lot of things to stop it in the beginning," said Miller, who joined the NFL in 1991. "But now guys will work a team to get guys into that circle after a game. I've seen anywhere from 10 to 15 guys up to 30 or 40."

They do it because they believe, first of all. Another reason that this goes on in football, but in none of the other American professional sports, is because the NFL is such a dangerous league. "We kind of even go past that," Miller said. "Before the game we have about 25 to 30 guys come out there and gather together in prayer to the Lord to protect us, to watch over us and the guys on the other team so no one is hurt. So we feel like we're covered in the blood of Jesus before we even take the field."

Then they go out and are seen trying to hurt each other severely.

"It's just a game," Miller said. "It's fierce, competitive, a battle, a war, but it's a game, and many people have the desire to be out there playing it. We're out there because God blessed us and gave us the talent. We show people it's a violent game, but afterward we still have our beliefs and our desire to give thanks."

They are also showing that they don't buy into the myth that they are enemies. By praying together the players are saying that they have more in common with each other than the game might suggest.

ALL OF THIS might seem ridiculous to the rest of the world, where teams are tribal and the players are expected to fight for the colors. In many countries, the team supporters simply would not permit such displays of fraternization with the enemy. This is not to say that respect between two teams doesn't exist — shirts are exchanged by opposing players after each match, and good performances by the visitors are often applauded by the host fans.

Just as surely, an abiding myth of European soccer is that the game is driven by the rabidness of the fans, the animosity between rival supporters and the understanding of the players that they must win this particular match or else. At the moment, the minority of black players in Europe face special persecution by the "enemy" fans in many cities. Some players, like Ruud Gullit and Frank Rijkaard, helped persuade Italian soccer to make statements against racism, resulting occasionally in players from both teams marching into the stadiums in uniform T-shirts.

But for the most part, European soccer administrators have remained ignorant of the social problems overflowing from their game.

This is going to change now that European players can move freely from country to country. Eventually the fans are going to have to accept that players aware not soldiers for their teams. Increasingly, players are going to follow the opportunity wherever it leads them. American fans have gone through this phase already and are still complaining about the mercenary greed of the players, the lack of loyalty. At the same time, no fan in America can logically call for the players to hate each other, for the game to become that kind of war. For the fans, it's more so than ever an avocation, an entertainment, which is all it should be.

The U.S. and the Davis Cup: But for Egos, a Dynasty That Could Have Been

By Christopher Clarey
Special to the Herald Tribune

WASHINGTON — Pete Sampras and his fellow American tennis stars have taken turns dodging their flag in recent years. But on Sunday, they were running with it.

First came Sampras, who applied a choke hold to this Davis Cup semifinal against Australia by routing Mark Philippoussis on Friday and then kept right on squeezing against the reigning U.S. Open champ, Patrick Rafter, on Sunday.

Sampras's masterful 6-7 (6-8), 6-1, 6-1, 6-4 victory gave the United States an insurmountable 3-1 advantage and clinched a spot in the final against Sweden. It also underlined a point: The American sporting public, with the myriad diversions available to it, does not often take time to consider that Sampras at his very best is one of the very best who has ever played this tricky, grueling game.

And so, after hugging his captain and friend Tom Gullikson, Sampras took an American flag from his practice partner, Justin Gimelstob, who had been wearing it like a toga throughout the match, and proceeded to do a victory lap inside the stadium court at William H.G. FitzGerald Tennis Center.

As he ran slowly and less gracefully than when he has a racquet in his hand, it was difficult not to think about what might have been. Sampras and his American contemporaries should have been a Davis Cup dynasty, like Bill Tilden and his American contemporaries from 1920 to 1926; like the four French *mousquetaires* from 1927 to 1932; like captain Harry Hopman's spirited and cohesive Australian teams in the early 1960s.

Instead, Sampras and his peers — Andre Agassi, Jim Courier and Michael Chang — have not equaled the sum of their parts. They are the most talented generation of Americans since the one headlined by Jack Kramer and Pancho Gonzales emerged immediately after World War II, yet they have won only three Davis Cup titles so far this decade and just one in the last four years, when Sampras has been at his peak.

They have been beaten at full strength: by France in the 1991 final. But more often than not, they have simply shot themselves in the sneakers by not committing to play on a regular basis. The Australians beat their B team in 1993 in the first round on grass. The Czechs beat their B team again in last year's quarterfinals.

"We had the ability to win seven or eight Davis Cups in a row, but it wasn't going to happen," said Courier, who has come to value the Davis Cup greatly and, unlike Sampras and Chang, played in the first two rounds this year. "There are too many differences in this group. Too many different perspectives and different aims and different egos for that to have happened."

If their fellow Americans cared about the Davis Cup as much as they have grown to care about golf's Ryder Cup — or that definitive international sporting rendezvous, the Olympics — it might have been different. But tennis, despite strong core support (witness the huge crowds at this year's U.S. Open and Lipton Championships in Florida), is no longer the flavor of the moment in this country.

It is incapable of generating the same sort of passion and intense curiosity as, for example, last Saturday's college football game between Florida and Tennessee.

When Sampras returned home from Moscow in December 1995, having beaten the Russians nearly single-handedly in that year's Davis final, there was no public outpouring of gratitude, no invitation to the White House or, perhaps more telling in this particular era, no rash of phone calls from booking agents for late-night television talk shows. And so Sampras, despite his attachment to the tradition-rich Grand Slam events, changed his priorities, and the tradition-rich Davis Cup has been poorer for it.

Yes, last year's epic final, won so very narrowly by France over Sweden, was fantastic theater, but the performers were off-Broadway caliber. This year, the stars have — belatedly — returned to the stage, and when Sampras and presumably Chang fly to Gothenburg, Sweden, for a final that will begin the day after Thanksgiving, they will have an opportunity to narrow the yawning gap between their individual and collective accomplishments.

"I was very disappointed about what happened at the U.S. Open," said Sampras, who was upset in the fourth round there by Petr Korda. "I feel this tie got me motivated to play again. One of my goals is to put the Cup back in the United States where it belongs."

It is absent only because Sampras has been absent. Now that he has recommitted, the United States will be favored to reclaim it.

But the Scandinavium, the rather homely Gothenburg tennis arena, has not brought good fortune to the Americans in the past. In 1984, in the only previous final between the two nations, John McEnroe and Jimmy Connors, always a reluctant Davis Cupper, made for strange bedfellows and a bad and bad-tempered team. The Swedes, led by Henrik Sundstrom, beat them 4-1 on an indoor clay court.

In the semifinals in 1994 on a fast carpet, the United States blew a 2-0 lead for only the second time in its history. On the final day, Sampras injured his leg and had to default against Stefan Edberg in the first reverse singles. Then, Magnus Larsson defeated Todd Martin in the decisive rubber.

The Swedes no longer have Edberg, but they still have Larsson, along with the rising Jonas Bjorkman, who won all three of his matches against Italy in the semifinals. Choosing a surface won't be easy, however. Carpet would suit Bjorkman and another potential Swedish singles player, Thomas Enqvist, but Sampras is the best player on that surface in the world. Clay would suit only Larsson, and arguably Chang, but at least it might neutralize Sampras.

There was no neutralizing him in Washington, where he played like a player for the ages. As he and then Chang took their flag-draped victory laps, the sellout crowd of 7,200 roared. But the fans were not finished: "We want Courier! We want Courier!" they chanted.

Reluctantly, awkwardly, Courier, who had not been picked by Gullikson to play in the semifinals, walked onto the court, the flag bunched up in his hand like a warm-up suit.

Davis Cup might no longer inspire the same zeal in the United States that it does in Australia, Brazil or France, but at least the fans here have not lost their sense of justice. If Courier hadn't been willing to do the dirty work earlier this year, Sampras would not have had the chance to be a hero.

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LONG RANGE AIR RACE
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The last leg of the long-range air race was full of surprises. All the aircraft have now landed safely in Izmir, Turkey, where the closing ceremony of the World Air Games took place on Saturday.

Izmir, September 21

While the flights from Trabzon to Adana and Izmir proved uneventful at high altitude, low fliers like the competitors in Group One faced turbulent weather with huge cumulus clouds and significant headwinds between Adana and Izmir. To make up for the 35 minute penalty imposed the day before, Rectimo pushed hard and won both the sector and the gold medal for overall first place in Group One.

In Group Two, Rambling Wreck made a tremendous achievement, jumping from third to first place, nosing out Hope of Italy by a hairline - 16 seconds overall, after 30 flight hours!

The quiet and smiling Cathy and Larry Lee are clearly pilots to be reckoned with. Go Johnny Go was involved in an incident during the approach to Adana, and as a result Ingrid and Erick Banck were excluded from the final results by the FAI Jury.

In Group Three, the Turkish team Sabiha Gokcen, flying in its own backyard, sailed ahead to first place, while TBM Knight Flight missed the silver medal because of penalties - the plane took off from Amman before its allocated time. Dash Ten came in second.

In Group Four, the Young Turks, at ease in their own airspace increased their lead over the Dream Machine, assuring the crew first place overall.

Karole Jensen and Jeanne Cook, whose Carolina Belle had to withdraw because of engine failure, arrived in Izmir after the organisation's engineer fixed the airplane in Kerkira, Greece. That was a nice surprise for everybody.

The race is over, and the crews are now flying back home, a long way for most of them. But that is another adventure.

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~Memorable Moments from Johnnie Walker: RYDER CUP *with Bernard Gallacher*

1989 - AZINGER THE MIRACLE WORKER AT THE BELFRY.
Written with R. Simmons. Designed & Illustrated by Dave Smith. © International Herald Tribune / Professional Sports Partnerships Ltd.

SPORTS

Radke Notches 20th Victory As Twins Win

The Associated Press

Brad Radke got his 20th victory with a complete game as Paul Molitor's RBI triple in the bottom of the 10th inning gave the Minnesota Twins a 2-1 triumph over the Milwaukee Brewers.

Radke (20-9) pitched a career-high 10 innings for his fourth complete game on Sunday in Minneapolis. He allowed one run and six hits with nine strikeouts. He didn't give up a walk and went to three balls on just three hitters. He threw 128 pitches, 96 strikes.

In the 10th, Brent Brede singled with one out off Mike Fetters (1-5) and Molitor followed with a triple down the right-field line.

Red Sox 5, White Sox 2 In Boston, Mo Vaughn drew a leadoff walk to start a three-run eighth inning. Jim Corsi (5-2) pitched two innings for the victory.

Yankees 5, Blue Jays 4 Cecil Fielder hit his 300th career homer and Tino Martinez hit a game-winning homer in the 10th for host New York.

Tigers 11, Orioles 3 In Baltimore, Damion Easley homered twice and drove in a career-high six runs. Rafael Palmeiro hit his team-leading 36th home run for Baltimore.

Royals 1, Indians 0 Rod Myers hit a two-out RBI single in the ninth to win the game for host Kansas City.

Mariners 9, Athletics 2 Ken Griffey Jr. had two RBIs, but went homerless in five plate appearances as visiting Seattle reduced its magic number for clinching the AL West to two. Griffey had a sacrifice fly in the third and a run-scoring single in the fourth to increase his major league-leading total to 143 RBIs.

Angels 4, Rangers 1 Anaheim kept its slim playoff hopes alive by completing a three-game sweep in Texas. Tim Salmon's RBI groundout in the seventh inning broke a tie as the Angels improved to 7-1 against the Rangers this year.

In the National League:

Cubs 11, Phillies 3 Curt Schilling increased his strikeout total to 313, tying the NL record for right-handers and setting the Phillies' overall mark. Ryne Sandberg, playing his final home game at Wrigley Field, went 2-for-3. He hit an RBI double in the first inning and a single in the fifth.

Pirates 14, Cardinals 2 Mark McGwire's offense has stalled just when Pittsburgh has gotten its going. Jose Guillen and Turner Ward homered in a victory over visiting St. Louis — the Pirates' second romp in as many days. McGwire, the major league home run leader with 54, went hitless for the second game in a row. He was 0-for-3 with a sacrifice fly.

Expos 7, Braves 1 Rondell White hit two of Montreal's four homers in a victory over host Atlanta that snapped the Braves' six-game winning streak and put their quest for a sixth consecutive division title on hold.

Astros 8, Reds 3 Ricky Gutierrez doubled twice and drove in three runs, helping Houston close in on the NL Central title with a victory over host Cincinnati.

Giants 8, Padres 5 Barry Bonds hit an inside-the-park home run and Stan Javier snapped a ninth-inning tie with a two-run triple, lifting the Giants over the host Padres.

Mets 2, Marlins 1 New York prevented Florida from clinching at least a tie for its first playoff spot, beating the host Marlins behind Rick Reed's strong 8⅓ innings. Rookie Jason Hardtke hit his second homer for the Mets, who remained one loss from elimination.

Rockies 10, Dodgers 5 Vinny Castilla's two-run double that center fielder Otis Nixon lost in the twilight highlighted a five-run, sixth-inning Colorado outburst that carried the visiting Rockies over the fading Dodgers. The loss was the fifth straight and 10th in 13 games for the Dodgers, dropping them two games behind NL West-leading San Francisco.

BASEBALL ROUNDUP

John Sommers/Reuters

The Reds' Damian Jackson leaping for a wild throw from his catcher, Eddie Taubensee, as the Astros' Craig Biggio steals second base.

The Protopopovs Just Skate On

By Jere Longman
New York Times Service

LAKE PLACID, New York — It has been said that Oleg and Lyudmila Protopopov, the Olympic pairs champions in 1964 and 1968, performed with a brilliance that was not quite figure skating and not quite ballet, but more in the realm of poetry.

Even now at ages 65 and 62, respectively, they skate six days a week, up to three hours a day, and they embody the essence of pairs skating with sophisticated lines and elegant, tranquil harmony. They are remarkably fit and youthful.

Thirty years after they revolutionized pairs skating, the Protopopovs want to perform one more transforming act next February by taking part in some fashion in the 1998 Winter Olympics in Nagano, Japan.

Returning to the Olympics is a dream long deferred. Feeling prematurely discarded by a system that used Olympic sports as Communist propaganda, the Protopopovs defected from the former Soviet Union in 1979 and remained stateless until they acquired Swiss citizenship in 1995. They want to skate in Nagano, not to win a third gold medal, but to connect the athletic present in their sport with the artistic past.

They cannot perform the muscular throws, gymnastic lifts and robust triple jumps of pairs skating today. But much of what is prized in a classical sense — the graceful unison, the fluid spirals, sometimes even the choices of music — began with them.

"Even if we are in the last car of the train, we are still moving with the train," Oleg Protopopov said last week at the apartment that he and his wife are renting for two months while they skate as guests of the Olympic Training Center. "Medals don't matter. I keep mine in a chocolate box. Our motivation is to show people that at our age you can still be strong and mentally and physically in good health."

It seems doubtful, however, that the Protopopovs will appear in Nagano as competitors. Because they have skated in professional competitions, they were required to reapply for Olympic eligibility by the International Skating Union. The deadline for reinstatement was April 1995, four months before they received Swiss citizenship.

Also, the Protopopovs would need permission from the Russian federation to skate in the Winter Games for a new country. And, unlike other skaters, they have not taken part in any of the required qualifying competitions such as the Swiss national championships. Oleg Protopopov said he informally requested a special exemption from the international group but was denied.

Asked whether the couple had any chance of competing in Nagano, Ottavio Cinquanta, president of the group, said, "I don't think so." He said he had received no official request.

"We have to be realistic," Lyudmila Protopopov said. "Even if we are invited, there is little time to prepare two routines."

A more feasible option is to invite the Protopopovs to perform in an exhibition that traditionally follows the Olympic skating competition.

"It would be our homage to the Olympic Games," Oleg Protopopov said of the Nagano exhibition. "As two-time champions, I think we have the right to do it."

If the answer is no, he said, there is always the 2002 Winter Games in Salt Lake City. The Protopopovs have no intention of retiring. In fact, they want to learn how to perform triple jumps, and they want to compete in future Swiss and European championships, as well as the Olympics.

Oleg Protopopov, the son of a ballerina, was abandoned by his father when he was 6 months old. He was a boy of 9 when Germany began its long siege of Leningrad during World War II. He remembers eating blocks of wood glue for survival. He went with his mother, Anna, when she did volunteer hospital work; Oleg Protopopov said he awakened one night in a crowded, cold hospital room and realized that the men on each side of him had died in their sleep. "I saw death face to face," he said. "I know the price of life. We bring life to other people by our skating. We create a feeling of living, of inspiration."

They met by accident, at a skating seminar in Moscow, and by the time they became skating partners, he was 23 and she was 20. Russian officials told them not to expect too much in skating because they were too old. When they won their second gold medal in 1968, Oleg was 35 and Lyudmila was 32.

"Skating is a feeling of freedom, of flight," Oleg Protopopov said. "When you have that feeling of flight, it is forever."

On a world tour after the 1968 Games, the Protopopovs said, they were treated rudely in Moscow by Soviet officials. Oleg Protopopov complained to a reporter, his complaint was published, and his career crossed some ominous boundary.

"From that moment we were crossed out," Lyudmila Protopopov said.

A year later they were dethroned at the world championships, and a more athletic Russian named Irina Rodnina would win the next three Olympic pairs titles with two partners, Alexei Ulanov and Alexander Zaitsev.

By 1970, the Protopopovs' amateur careers were over. They turned professional with the Leningrad Ice Ballet. Some officials suggested that they become coaches, but they wanted to skate. So, while touring Switzerland in August 1979, they defected. Three years later, using their savings, they made a film autobiography of their career. If the Soviet officials wanted to forget them, the Protopopovs would make sure they were remembered.

And now they want another chance to skate in the Olympics. If not at age 65 and 62, then maybe at 69 and 66. Switzerland had no pairs skaters competing at its 1997 national championships, Oleg Protopopov said. The door is open.

"We are like seagulls," he said. "While we have our wings, we will fly and be alive. When we will not be allowed to move our wings, we will die."

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
y-Baltimore	94	61	.606	—
y-New York	90	65	.581	4
Detroit	77	78	.497	17
Boston	76	80	.487	18½
Toronto	72	83	.465	22

CENTRAL DIVISION

Cleveland	83	71	.539	—
Chicago	77	78	.497	6½
Milwaukee	75	78	.490	7½
Kansas City	64	90	.416	19
Minnesota	63	91	.409	20

WEST DIVISION

Seattle	87	69	.558	—
Anaheim	82	74	.526	5
Texas	72	84	.462	15
Oakland	63	93	.404	24

y-clinched postseason berth

EAST DIVISION

	W	L	Pct.	GB
y-Atlanta	97	58	.626	—
Florida	90	65	.581	7
New York	84	72	.538	13½
Montreal	76	79	.490	21
Philadelphia	64	92	.410	33½

CENTRAL DIVISION

Houston	79	76	.510	—
Pittsburgh	76	80	.487	3½
Cincinnati	71	84	.458	8
St. Louis	71	84	.458	8
Chicago	66	90	.423	13½

WEST DIVISION

San Francisco	86	70	.551	—
Los Angeles	84	72	.538	2
Colorado	81	75	.519	5
San Diego	74	82	.474	12

y-clinched postseason berth

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Chicago	100 100 000—2	10	2
Boston	100 100 03x—5	10	1

Eyre, Fordham (8), N. Cruz (8) and Fabregas; Sele, Corsi (7), Gordon (9) and Naxelman. W—Corsi, 5-2. L—Fordham, 0-1. Sv—Gordon (10).

Detroit	302 006 000—11	12	0
Baltimore	000 102 000—3	5	1

Ju.Thompson, Alicea (7), Brocail (9) and Casanova; Key, Yan (5), Br.Williams (6) and Holles, Rosario (7). W—Ju.Thompson, 15-11. L—Key, 16-10. HRs—Detroit, Easley 2 (22). Baltimore, R. Palmeiro (36).

Milwaukee	100 000 000 0—1	6	3
Minnesota	000 001 000 1—2	8	0

Harnisch, Wickman (6), Fetters (10) and Levis; Radke and Steinbach. W—Radke 20-9. L—Fetters 1-5. HR—Milwaukee, Ciriffo (10).

Cleveland	000 000 000—0	5	0
Kansas City	000 000 001—1	5	0

Ogea, M. Jackson (8), Assenmacher (9) and Borders; Appier, Pichardo (8), Whisenant (9), Bevil (9) and Macfarlane. W—Bevil 1-2. L—M. Jackson 2-5.

Toronto	000 040 000 0—4	10	0
New York	101 100 010 1—5	11	0

(10 innings)—W.Williams. Plesac (7), Robinson (8), Almanzar (10) and O'Brien, B.Santiago (10); Pettitte, Stanton (8), M. Rivera (9), Boehringer (10) and Posada. W—Boehringer, 3-2. L—Almanzar, 0-1. HRs—New York, T.Martinez (43), Fielder (11), Jeter (9).

Anaheim	001 000 111—4	15	0
Texas	100 000 000—1	9	2

Hasegawa, P. Harris (6), Holtz (8), Percival (9) and Kreuter; Pavlik, Bailes (7), Patterson (7), Wetteland (9) and H. Mercedes, K.L.Brown (8). W—P. Harris, 5-4. L—Pavlik, 3-5. Sv—Percival (27).

Seattle	012 300 012—9	14	0
Oakland	020 000 000—2	9	1

Cloude, Spoljaric (7), Timlin (8), B. Wells (9) and Da.Wilson; Rigby, Mohler (4), Wengert (7), Lorraine (8), Witasik (9) and Mayne, Molina (9). W—Cloude, 4-2. L—Rigby, 1-6. HRs—Seattle, Buhner 2 (39), Da.Wilson (15).

NATIONAL LEAGUE

St. Louis	100 010 000—2	4	3
Pittsburgh	105 401 30x—14	14	0

Busby, Petkovsek (4), S. Lowe (7) and Marrero, Lampkin (7); Lieber, Ruebel (9) and Kendall, Osik (9). W—Lieber, 11-14. L—Busby, 6-1. HRs—St. Louis, D. Young (4). Pittsburgh, Ward (7), J. Guillen (13).

Montreal	000 033 010—7	11	0
Atlanta	000 010 000—1	10	0

Mi.Johnson, DeHart (5), Telford (6), Kline (8), Urbina (9) and Widger; Neagle, Ligtenberg (6), Clontz (8), Brock (9) and J. Lopez. Spahr (7). W—DeHart, 2-1. L—Neagle, 20-4. HRs—Montreal, Segui (20), R.White 2 (26), Mesiens (1).

Philadelphia	010 001 001—3	8	0
Chicago	100 050 32x—11	15	1

Schilling, Blazier (6), Karp (7), R. Harris (8) and Lieberthal; Tapani, R. Tatis (8), R. Myers (9) and Houston. W—Tapani, 8-3. L—Schilling, 16-11. HRs—Chicago, L. Johnson (5), Ma.Grace (13), D.Hansen (3), J. Hernandez (7).

Houston	001 140 110—8	14	0
Cincinnati	010 010 001—3	7	1

R.Garcia, J. Cabrera (7), Hudek (9), B. Wagner (9) and Ausmus; Morgan, Fe.Rodriguez (6), Graves (8), Winchester (9) and Taubensee. W—R. Garcia 8-8. L—Morgan 8-12. HRs—Cincinnati, Nunnally (11), W.Greene (25).

New York	000 000 110—2	8	0
Florida	000 000 001—1	5	3

R.Reed, Rojas (9) and A. Castillo, Pratt (8); Ojala, Powell (8), Stanifer (9) and Zaun. W—R. Reed, 13-9. L—Ojala, 1-2. Sv—Rojas (14). HR—New York, Hardtke (2).

San Francisco	000 203 003—8	13	1
San Diego	020 000 030—5	7	0

Alvarez, Mulholland (8), Tavarez (8), R. Rodriguez (8), Beck (8) and B. Johnson; Minabell (9), Hitchcock, Brueke (6), H. Murray (8), D.Veras (8), Hoffman (9) and Flaherty, C. Hernandez (9). W—Beck, 7-4. L—D. Veras, 2-1. HRs—San Francisco, Bonds (37). San Diego, Caminiti (25).

Colorado	001 105 300—10	11	1
Los Angeles	023 000 000—5	8	1

F.Castillo, DeJean (6), S. Reed (8) and Manwaring; R.Martinez, Dreifort (6), D. Reyes (7), Harkey (9) and Piazza. W—F. Castillo, 12-11. L—R. Martinez, 9-5. HRs—Colorado, Burks (31), Galarraga (40). Los Angeles, Piazza (37), Mondesi (28).

FOOTBALL

NFL STANDINGS

AMERICAN CONFERENCE

EAST

	W	L	T	Pct.	PF	PA
New England	4	0	0	1.000	130	40
Buffalo	2	2	0	.500	94	113
Miami	2	2	0	.500	71	77
N.Y. Jets	2	2	0	.500	110	80
Indianapolis	0	4	0	.000	54	115

CENTRAL

Jacksonville	2	0	0	1.000	68	40
Baltimore	3	1	0	.750	110	71
Pittsburgh	1	1	0	.500	21	50
Cincinnati	1	2	0	.333	54	82
Tennessee	1	2	0	.333	47	73

WEST

Denver	4	0	0	1.000	127	51
Kansas City	3	1	0	.750	88	76
Seattle	2	2	0	.500	74	101
Oakland	1	3	0	.250	106	106
San Diego	1	3	0	.250	56	99

NATIONAL CONFERENCE

EAST

	W	L	T	Pct.	PF	PA
Dallas	2	1	0	.667	80	52
Washington	2	1	0	.667	56	37
Arizona	1	2	0	.333	59	65
Philadelphia	1	2	0	.333	47	61
N.Y. Giants	1	3	0	.250	70	94

CENTRAL

Tampa Bay	4	0	0	1.000	96	58
Green Bay	3	1	0	.750	108	84
Detroit	2	2	0	.500	94	93
Minnesota	2	2	0	.500	107	103
Chicago	0	4	0	.000	58	128

WEST

San Francisco	3	1	0	.750	88	39
Carolina	2	2	0	.500	59	72
St. Louis	2	2	0	.500	77	77
New Orleans	1	3	0	.250	72	108
Atlanta	0	4	0	.000	61	107

SUNDAY'S RESULTS

Baltimore 36, Tennessee 10
New England 31, Chicago 3
New Orleans 35, Detroit 17
Kansas City 35, Carolina 14
Green Bay 38, Minnesota 32
New York Jets 23, Oakland 22
San Francisco 34, Atlanta 7
Denver 38, Cincinnati 20
Buffalo 37, Indianapolis 35
St. Louis 13, New York Giants 3
Seattle 26, San Diego 22
Tampa Bay 31, Miami 21

THE AP TOP 25

The Top Twenty Five teams in The Associated Press college football poll, with first-place votes in parentheses, records through Sept. 20, total points based on 25 points for a first place vote through one point for a 25th place vote and previous ranking:

	Record	Pts	Pv
1. Florida (32)	3-0	1,699	3
2. Penn St. (28)	3-0	1,675	1
3. Nebraska (7)	3-0	1,601	7
4. Florida St. (1)	3-0	1,530	5
5. North Carolina (2)	3-0	1,475	6
6. Michigan	2-0	1,412	8
7. Ohio St.	3-0	1,287	9
8. Auburn	3-0	1,180	12
9. Tennessee	2-1	1,158	4
10. Washington	2-1	1,148	2
11. Iowa	3-0	1,062	13
12. Michigan St.	3-0	968	17
13. LSU	2-1	805	10
14. Virginia Tech	3-0	770	18
15. Washington St.	3-0	767	19
16. Colorado	1-1	725	15
17. Clemson	2-1	547	16
18. Kansas St.	2-0	495	20
19. Georgia	3-0	444	25
20. Stanford	2-1	403	21
21. Alabama	2-1	329	11
22. Texas A&M	2-0	290	—
23. Brigham Young	1-1	215	—
24. UCLA	1-2	181	24
25. Arizona St.	2-1	177	14

Others receiving votes: Air Force 129, N. Carolina St. 73, Southern Miss. 66, Pittsburgh 26, Wyoming 18, California 11, Colorado St. 11, Oregon 11, Kansas 10, Texas 9, Oklahoma St. 8, Arkansas 7, Kentucky 6, South Carolina 6, Miami 5, Southern Cal 5, Toledo 4, Boston College 1, Georgia Tech.

TENNIS

DAVIS CUP

WORLD GROUP
SEMIFINALS
UNITED STATES VS. AUSTRALIA
SINGLES

Michael Chang, U.S., def. Mark Philippoussis, Australia, 7-6 (7-5), 7-6 (7-2).

U.S. 4, Australia 1
U.S. to meet Sweden in the Final.
QUALIFYING ROUND
CANADA VS. SLOVAKIA
SINGLES

Karol Kucera, Slovakia, def. Sebastien Lareau, Canada, 4-6, 6-2, 6-4, 6-3; Dominik Hrbaty, Slovakia, def. Daniel Nestor, Canada, 6-4, 6-7 (3-7), 6-3.

Slovakia 4, Canada 1
EURO-AFRICAN ZONE
PLAYOFFS
GROUP 2, 3D ROUND
FINLAND VS. POLAND
SINGLES

Tuomas Ketola, Finland, def. Bartolomiej Dawrowsky, Poland, 7-6 (7-4), 6-1, 7-6 (7-4); Ville Liukko, Finland, def. Michal Chmela, Poland, 3-6, 3-6, 6-4, 6-3, 6-4.

Finland 3, Poland 2
TOYOTA PRINCESS CUP
IN TOKYO
WOMEN
FINAL

Monica Seles (1), U.S., def. Arantxa Sanchez Vicario (2), Spain, 6-1, 3-6, 7-6 (7-5).

SEMIFINALS

Monica Seles (1), def. Naoko Sawamatsu, Japan, 6-3, 6-1; Arantxa Sanchez Vicario, def. Yayuk Basuki (5), Indon., 1-6, 7-6 (7-2), 6-4

DOUBLES
FINAL

Monica Seles, U.S., and Ai Sugiyama, Japan, def. Julie Halard-Decugis, France, and Chanda Rubin, United States, 6-1, 6-0

SEMIFINAL

Monica Seles, and Ai Sugiyama, def. Naoko Kijimuta and Nana Miyagi (3), Japan, 7-6 (7-1), 6-2; Julie Halard-Decugis, and Chanda Rubin, def. Park Sung-hee, South Korea, and Wang Shi-ting, Taiwan, 2-6, 6-3, 6-3.

CYCLING

TOUR OF SPAIN

Leading placings in the 170-km, 16th stage of the Tour of Spain from Cangas de Onis on Monday:

1. Jan Svorada, Czech Republic, Mapei, three hours, 54 minutes and seven seconds
2. Marcel Wust, Germany, Lotus
3. Alessio di Basco, Italy, Saeco
4. Lars Michaelsen, Denmark, TVM
5. Aart Vierhouten, Netherlands, Rabobank
6. Stefano Colage, Italy, Refin
7. Sven Teutenberg, Germany, U.S. Postal
8. Claudio Camin, Italy, Brescialat
9. Gianluca Gorini, Italy, AKI
10. Angel Edo, Spain, Kelme, all s.t.

OVERALL: 1, Alex Zulle, Switzerland, ONCE, 68 hours, 52 minutes and two seconds; 2, Fernando Escartin, Spain, Kelme 2:46 behind; 3, Laurent Dufaux, Switzerland, Lotus, 3:39; 4, Enrico Zaina, Italy, Asics, 5:07; 5, Roberto Heras, Spain, Kelme, 6:17; 6, Marcos Serrano, Spain, Kelme, 7:10; 7, Daniel Clavero, Spain, Estepona, 7:29; 8, Laurent Jalabert, France, ONCE, 9:56; 9, Gianni Faresin, Italy, Mapei, 11:10; 10, Yvon Ledanois, France, GAN, 11:22.

SOCCER

FRENCH FIRST DIVISION

Bastia 0, Metz 0

STANDINGS: Metz 20; Paris St Germain 19; Bastia 15; Marseille 14; Guingamp 14; Bordeaux 14; Monaco 13; Lens 12; Lyon 12; Toulouse 12; Auxerre 9; Nantes 8; Montpellier 7; Strasbourg 7; Le Havre 6, Rennes 6; Chateauroux 5; Cannes 4.

MAJOR LEAGUE SOCCER

Tampa Bay 2, D.C. 1
Los Angeles 3, San Jose 2

STANDINGS: Eastern Conference x-D.C. 52; y-Tampa Bay 45; Columbus 35; New England 34; NY-NJ 32; Western Conference xy-Kansas City 46; y-Dallas 42; y-Los Angeles 41; y-Colorado 35; San Jose 30 (x-clinched conference title, y-clinched playoff spot).

CRICKET

ZIMBABWE VS. NEW ZEALAND
FIRST TEST
MONDAY, IN HARARE, ZIMBABWE

Zimbabwe: 298 and 311-9
New Zealand 207 and 304-8
Match declared a draw

INDIA VS. PAKISTAN
BAHARA CUP
SUNDAY, IN TORONTO

India: 250-5 (50 overs)
Pakistan: 251-5 (41.5 overs)
India won the series 4-1.

TRANSITIONS

BASEBALL
AMERICAN LEAGUE

NEW YORK —Activated RHP David Cone from 15-day disabled list.

FOOTBALL
NATIONAL FOOTBALL LEAGUE

BUFFALO —Waived WR Steve Tasker. Activated WR Mitchell Galloway from practice squad.

N.Y. JETS—Terminated contract of OL Siupeli Malamala. Signed OL J.R. Conrad from practice squad.

HOCKEY
NATIONAL HOCKEY LEAGUE

DALLAS—Assigned C Lee Jinman, RW Jeff Mitchell and LW Jamie Wright to Michigan, IHL. Returned C Greg Leeb to Spokane, WHL.

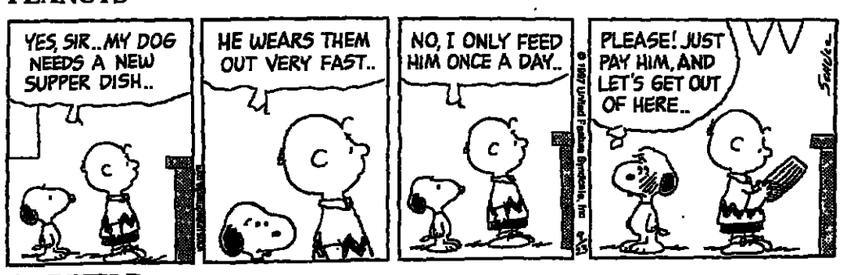
PITTSBURGH —Returned D Andrew Ference, D Josef Melichar and D Horlon Pratt to their junior clubs. Announced G Patrik Duffus has left training camp. Assigned D Stefan Bergkvist and D Alexei Krivchenkov to Cleveland Lumberjacks, IHL. Assigned C Brian Bonin and C Serge Aubin; RW Jan Hrdina and G Jean Sebastian Aubin to Syracuse, AHL.

PITTSBURGH —Assigned D Stefan Bergkvist and D Alexei Krivchenkov to Cleveland Lumberjacks, IHL. Assigned C Brian Bonin, C Serge Aubin, RW Jan Hrdina and G Jean Sebastian Aubin to Syracuse, AHL.

DENNIS THE MENACE

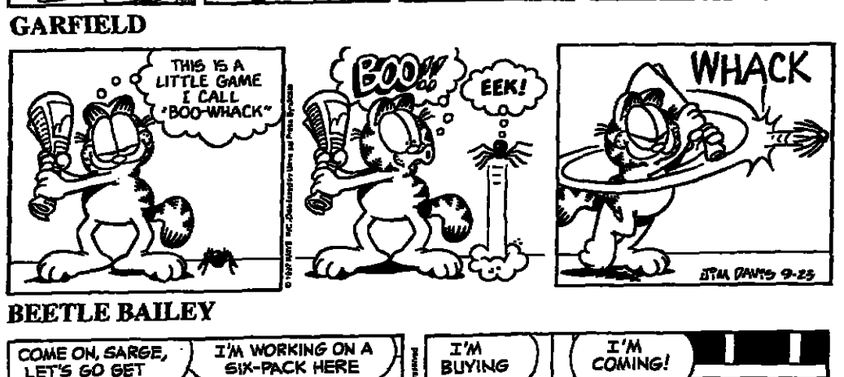
"BAT NEWS TRAVELS FAST. SEE? HERE HE COMES AGAIN."

PEANUTS



CALVIN AND HOBBES

GARFIELD



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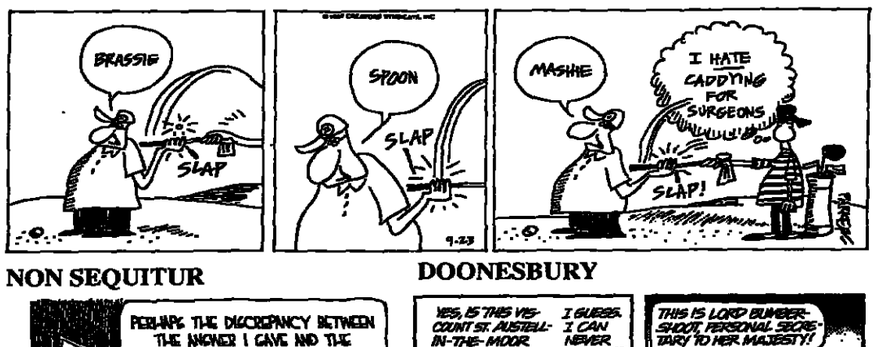
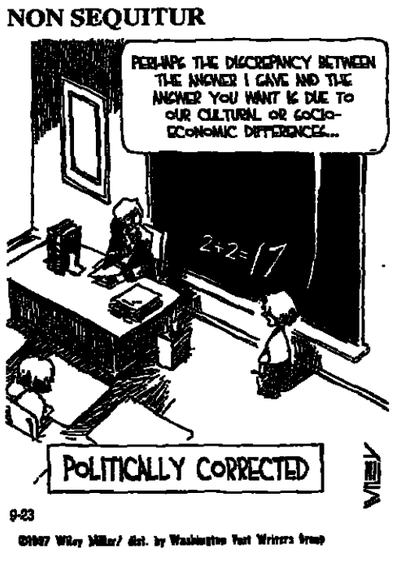


BEETLE BAILEY

NON SEQUITUR



DOONESBURY

BLONDIE

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

DENIK
USEED
LISHEC
LOFUND

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: _____

(Answers tomorrow)

Yesterday's Jumbles: DOUGH PARTY TWINGE NORMAL
Answer: The kind of advice you get from an old farmer — DOWN TO EARTH

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ART BUCHWALD

The Ben Hur Pitch

WASHINGTON — My friend Moses (a.k.a. Charlton Heston) came to Washington to make his usual pitch for gun ownership and his usual attacks on those who would demand the banning of them.

In his presentation at the National Press Club, Heston (a.k.a. Ben Hur) said the Constitution's Second Amendment — the right of the people to keep and bear arms — is more essential than the First Amendment, which guarantees freedom of religion and the press, among other freedoms.

Buchwald

He said, as he parted the Red Sea, "The Second Amendment is America's first freedom — the one that protects all the others."

Heston also said guns alone are what offer the absolute capacity to live without fear. "I want to save the Second Amendment from those nitpicking little wars-of-attrition fights over alleged Saturday Night Specials, plastic guns, cop-killer bullets and other for-prime-time nonissues invented by some press agent over at gun-control headquarters."

□

I may not agree with what Heston has to say, but I will defend with my deadly automatic rifle his right to say it. Men of goodwill can argue whether it is the gun in Heston's closet that makes it possible for him to give a speech, or the First Amendment that guarantees him the right to do it.

The people who don't believe the Second Amendment is necessary in a modern society live in fear that if everyone has a gun they might start using them before making a speech, if for no other reason than to attract attention.

Not so, says the National Rifle Association.

Everyone knows the media are corrupt, and if all of us were armed, reporters would think twice about what they write in the papers.

□

Where Heston got into deep trouble was when he said the right to bear arms is more important than the guarantee of freedom of religion. This upset people who believe it was Charlton Heston who brought his people out of Egypt by guaranteeing their right to assemble in the desert.

When I asked a clergyman what he thought of the Heston argument, he said, "Thank God he didn't start shooting from the hip before he gave us the Ten Commandments."

A Victory Binge For Admiral Nelson?

The Associated Press

AYLSHAM, England — Six weeks before he was killed at the Battle of Trafalgar in 1805, Admiral Horatio Nelson spent half his annual salary on 375 gallons of port. A receipt, to be auctioned Friday, shows the British naval hero spent £304 and 2 shillings — or about $13,600 at today's prices, on the fortified wine.

"It appears he must have been planning a monumental party to mark his victory," said Andrew Bullock, spokesman for the auctioneer G.A. Key, in Aylsham. Nelson was wounded and died aboard his flagship, HMS Victory, just as the battle ended.

John Pizzarelli, Out of His Father's Shadow

By Jacques Steinberg
New York Times Service

NEW YORK — On an August evening five years ago, John Pizzarelli looked up from his seven-string guitar and thought he had stumbled into a time warp: watching intently as he picked out chestnuts like "Isn't It Romantic?" and "Penthouse Suite," were Richard Nixon and his wife, Pat, their daughters, Tricia and Julie, and Bebe Rebozo, once the nation's First Friend. It was an intimate gathering at the Nixon home in Park Ridge, New Jersey, celebrating Pat Nixon's 80th birthday. And it's unlikely Pizzarelli, then 32, would have been the featured entertainment had he not been accompanying his father, Bucky, one of the preeminent jazz guitarists, who has backed everyone from Frank Sinatra to Benny Goodman to Dion (on "Runaround Sue").

But these days, the younger Pizzarelli, 37, is drawing attention on his own — crooning, scatting, playing the guitar with the ferocity of a banjo and fronting his own trio, all in a bid to keep alive swing-jazz and big-band standards written long before he was born. In what has been a breakout year for him, he recently completed a three-month run on Broadway in the Johnny Mercer revue "Dream." His seventh album for RCA, "Our Love Is Here to Stay," has sold more copies during the past seven months than his previous biggest seller, "Dear Mr. Cole" (1995), sold in nearly three years. His trio — he's joined by his brother, Martin, on bass, and Ray Kennedy on piano — has been popping up on television, performing on "The Tonight Show" and "Live With Regis and Kathie Lee." Next month it will appear on the nighttime soap "Melrose Place." Not bad for a jazz scion who first performed publicly in a forgettable high school garage band with a memorably dreadful name: Johnny Pick and His Scabs.

For all the critical strokes he has received this year — primarily for his nimble handling of the guitar and his kinetic stage presence — Pizzarelli was perhaps most gratified by the invitation to perform on "Melrose Place," in a jazz club that is woven into the story line and features a different artist each week.

"Melrose Place" offered him a rare chance to play for people of his own generation, who are unlikely to have heard "Jeepers Creepers" and "Straighten Up and Fly Right," which are among his staples. "I have, like, 4 fans in their 20s, and 10 in their 30s," he said recently, exaggerating, although probably not by much. "But when you get up to people in their 60s, I'm huge."

Frank South, the executive producer of "Melrose Place," said Pizzarelli was an ideal person to introduce swing to a viewership of mostly young women. "He's a very smooth, sophisticated presence," South said. "He's also a great-looking guy, which doesn't hurt."

Ebet Roberts for The New York Times
John Pizzarelli and his brother Martin (rear) at a country club performance.

Pizzarelli, a lanky, boyish-looking man with wavy black hair, began his professional career at 20. But until recently his desire to reach a wider audience had met with frustration, and not just because the demand for such songs, Tony Bennett notwithstanding, has been dwindling.

As he headed out as a solo artist in the late 1980s, having toured in a guitar duo with his father for the previous 10 years, Pizzarelli was practically trampled by Harry Connick Jr., who burst onto the pop charts at the same time playing similar music. The comparisons between the two have been hard for Pizzarelli to shake, even as Connick abandoned swing to explore more eclectic sounds like funk rock. Reviewing Pizzarelli's album "Let's Share Christmas" in The New York Times last December, for example, Peter Watrous dismissed him as "a poor man's Harry Connick."

Such statements, as well as those deriding his whispery tenor as a liability, irritate Pizzarelli, but not as much as those measuring him against his father. "I think anyone wants their work to be judged on its own," he said. "I think Bucky's goal was always to be a rhythm guitar player with Count Basie and Benny Goodman. I wanted to be a leader."

The relationship between John and his 71-year-old father, who is still playing dozens of club dates a year, has been complex — one to which other sons of prominent musical fathers like Jakob Dylan, Julian Lennon and Joshua Redman could no doubt relate.

On its face, Pizzarelli's upbringing was entirely suburban: he grew up, along with two older sisters and his brother, in a Victorian house in Saddle River, New Jersey. His mother, Ruth, reared the children while Bucky Pizzarelli played long hours in the studio and on the road. But when his father was home, the house was often transformed into a living jukebox: Benny Goodman dropped by occasionally, once just to take a nap; the saxophonist Zoot Sims loved the family swimming pool, and the bassist Slam Stewart sometimes bunked with the family.

The young John soaked up those influences. At 6, he started on the banjo in a household where everyone played an instrument — "sort of like the Von Trapp family, only on martinis," said Jessica Molasky, John Pizzarelli's co-star in "Dream," and now his girlfriend. (He has a 5-year-old son from a marriage that ended in divorce.)

As he grew into his teens, John Pizzarelli began to distance himself from his father's music, picking up the guitar but gravitating toward the rock of Jackson Browne, and later forsaking the guitar for the trumpet. But after three semesters at the University of Tampa, Pizzarelli returned home in 1980, interested in a career in music though unsure which style to pursue.

His epiphany, he says, came when his father sat him down for a musical history lesson and played a stack of records by the Nat (King) Cole Trio. As they listened to "Paper Moon" and "Body and Soul," something clicked. "I heard the voice of Nat (King) Cole and the sound of that trio," the younger Pizzarelli recalls, "and I just said: 'That's it. That I can do.' "

While John Pizzarelli longed for an identity of his own, breaking away was hard: His first solo album was backed by his father's trio. Its title: "I'm Hip (Please Don't Tell My Father)."

John Pizzarelli's first break as a solo artist came a year later, in 1984, when the disk jockey Jonathan Schwartz invited him onto a live-music program on WNEW-AM in New York. Pizzarelli flashed a winning sense of humor, alternating imitations of the Yankees announcer John Gordon (singing Sinatra) with Gershwin tunes. He became a regular guest. "He is a musical contemporary," said Schwartz. "His vocabulary in the field — the songs, the melodies, the reference points that he draws from — is surprising in so young a fellow."

ARTISTS' COLONY

Bucks County: Where the Broadway Set Put Down Roots

By Rick Lyman
New York Times Service

DOYLESTOWN, Pennsylvania — The story goes like this: In 1940, Oscar Hammerstein 2d hadn't had a hit in more than nine years. It looked grim. He and his wife, Dorothy, were taking a drive in the country when, in the middle of Bucks County, Pennsylvania, they spotted a rainbow.

It was an omen, they decided, so they followed it along the winding roads and came upon a farm that was for sale. They bought the place and moved in, and the next year Hammerstein and Jerome Kern won an Academy Award for their song "The Last Time I Saw Paris" in the film "Lady Be Good."

Shortly after that, he began a partnership with the composer Richard Rodgers. On that very farm, he wrote the books and lyrics for all of the classic Rodgers and Hammerstein musicals, the greatest body of work in American musical theater, from "Oklahoma!" to "The Sound of Music." "Oh, What a Beautiful Mornin'!" came to him while he was sitting on the front porch looking across the rolling hills.

Not a bad story, even if that Technicolor rainbow does seem a little too, well, Rodgers and Hammerstein. Both Oscar and Dorothy always maintained it was true.

Here's another one: Moss Hart, who was a co-author of popular stage comedies like "You Can't Take It With You" and "Once in a Lifetime," bought a Bucks County farm in the mid-1930s not far from the one owned by his longtime partner, George S. Kaufman. Once, when Cherchez la Farm, as Kaufman called his spread, was bulging with guests, Hart was asked to entertain the visiting drama critic and radio host Alexander Woollcott.

It was a dreadful night. First, Woollcott chased away a fellow guest, the producer Max Gordon. Then, he demanded Hart's own bedroom. The next morning, before leaving, Woollcott left a note thanking his host for "one of the most unpleasant times I have ever spent."

A bedraggled Hart told Kaufman that the only thing that would have been worse was if Woollcott had broken his leg and been forced to spend two weeks there. And almost immediately they began to write "The Man Who Came to Dinner," which, in 1939, became one of their biggest hits, and among the greatest of Broadway comedies.

For the better part of three decades, from the early '30s until Hammerstein's death in 1960, Bucks County was the center of one of the country's most diverse and influential artistic communities.

Bill Cramer/The New York Times
Kaufman-Hart exhibit in "Creative Bucks County: A Celebration of Arts and Artists."

Now, the county's golden age has been enshrined at the James A. Michener Art Museum in Doylestown in a permanent exhibit called "Creative Bucks County: A Celebration of Art and Artists." The exhibit, now completing its first year, has drawn a growing number of visitors, said Bruce Katsiff, director of the museum. Built around a grand, illuminated dome surrounded by quotes about the importance of artists to a community, the exhibit commemorates the life and careers of a dozen writers and artists who lived and worked in the county.

"What made a lot of people excited about this project was that it was honoring artists," said Katsiff. "You know, in today's society, artists don't always have the best reputation or status. So here was a chance for a community to celebrate its artists."

Still, some worried that the project smelled a little too much of hometown boosterism. "But the more we looked into it," Katsiff said, "the clearer it became that something really important and interesting had happened in Bucks County."

Even people who know something about Bucks County's cultural past are often surprised at the number and variety of artists who made their home there.

Pearl S. Buck, the first American woman to win the Nobel Prize for Literature, lived much of her life in the county, and the philanthropic foundation that bears her name is still housed in the author's former farm.

Jean Toomer, one of the leading figures of the Harlem Renaissance of the 1920s, moved to the county in 1936. Michener was born there.

Stephen Sondheim, one of the most accomplished composers and lyricists of the last three decades, moved there as a boy with his divorced mother and found a surrogate family and a career with the Hammersteins, who lived nearby.

"The more I worked on the project, the more surprised I became about the number of important artists involved," said David Leopold, one of the curators. "Everything I knew about it had been anecdotal, so it was great to go up and really find the meat on the bones. You could see the connections. All of a sudden, the picture becomes a lot clearer. It isn't as random as it seems. S.J. Perelman was out here, and that's what brought Dorothy Parker. Kaufman was out here, and that's what brought Hart."

In 1932, a struggling, increasingly cynical writer named Nathanael West, author of acerbic novels like "Miss Lonelyhearts" and "The Day of the Locust," was walking down a Bucks County lane when he stumbled upon a sign offering the adjacent farm for sale. The sign included a lengthy note by the owner, Michael Gold, who was somewhat well known at the time for a rabble-rousing novel called "Jews Without Money," about his coming of age on the Lower East Side of Manhattan.

Gold's note promised that the farm was in the middle of a rich intellectual community of New York writers and artists. That appealed to West, so he bought the place. Only later did he realize that the alleged writers' colony was largely fictitious. But the idea was so infectious that West used it to lure his friend, the humorist Perelman, to buy a farm in the area. Kaufman, Hart and Parker soon followed.

There was already a longtime, thriving arts community in the river town of New Hope, Pennsylvania, dominated by painters with roots in nearby Philadelphia. But West's arrival is seen as the first foray into the area by what soon became a flood of writers and performers with their roots in New York.

PEOPLE

THE actor **Harvey Keitel** will play an American GI in the first U.S. film to be shot in Vietnam since the war, one of the producers said Monday. Keitel will be in Ho Chi Minh City when shooting on "Three Seasons" begins next month, said **Joanna Vincente**, a producer with New York-based Open City Films. The independent film is written and directed by **Tony Bui**, a Vietnamese who left the country in 1975 and who lives in California. Keitel is also executive producer on the movie, which has a $2 million budget — extremely small by today's standards. It will be shot in Vietnamese with English subtitles and, except for Keitel, it has an all-Vietnamese cast.

□

A life-size statue of **Mother Teresa**, presented to her before her death this month, has been installed in the Missionaries of Charity headquarters in Calcutta. A nun at the order's headquarters said Mother Teresa, when shown the statue, had said that it must have cost a lot to make and that it was not right "to fuss over me." But **Sister Nirmala** who replaced her as the head of the Missionaries of Charity, decided that it should be installed in the chapel.

□

Mick Jagger says his first experience with marijuana did not come courtesy of **Paul McCartney**, contrary to what the former Beatle is claiming. McCartney reignited the legendary "Beatles vs. Stones feud" when he told his official biographer that he was "turned on to pot" by **Bob Dylan** in 1964 and then introduced Jagger to it two years later in London. But Jagger said he had first smoked marijuana "somewhere in California" during the Stones' first U.S. tour in 1964, and that McCartney was nowhere near.

□

The film director **Adrian Lyne** suspected that his decision to bring **Vladimir Nabokov's** novel "Lolita" to the screen once more might meet some opposition. But after his steamy "Fatal Attraction" and "Nine and a Half Weeks" were major hits, he never thought that 18 months after completion "Lolita" would still be waiting for U.S. distribution. The movie made its screen debut at the San Sebastian, Spain, film festival, before going on general release in Europe. "Lolita" tells of the obsession of a 45-year-old man, played in Lyne's version by **Jeremy Irons**, for a 12-year-old girl. The first version, in 1962, was directed by **Stanley Kubrick** and starred **James Mason** and **Peter Sellers**, with **Sue Lyon** as the sexually precocious Lolita.

Reuters
WORKING THE CROWD — **Dagmar Havel, the wife of the Czech president, Vaclav Havel, to her left, pets a camel during a visit to the ancient city of Petra, Jordan.**

□

Miss America pageant officials are facing some questions after reports that the father of this year's winner served on the pageant's board of directors. **Gordon Shindle**, the father of **Kate Shindle**, has been a member of the pageant's board since 1994. Before that, he was a volunteer for the pageant for 15 years. He took a leave of absence from the board in April, after his daughter became Miss Illinois.

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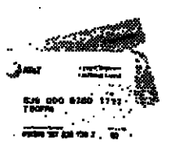

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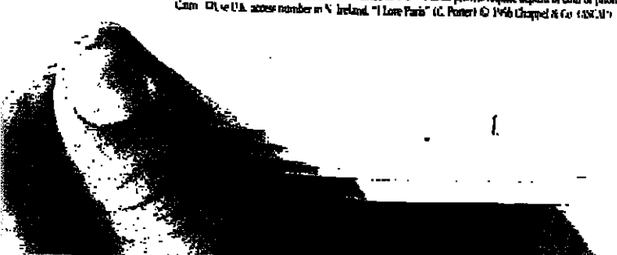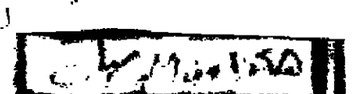
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